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 six months ended June 30, 2017 and 2016.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2017 and 2016, including the notes thereto. This MD&A is presented as of August 8, 2017. 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 current 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 strategy is focused on the acquisition, exploration and development of mineral properties, particularly gold located in North America. At the date of this MD&A, Marathon owns 100% interests in the following resource properties:

Newfoundland

- The Valentine Lake Gold project in central Newfoundland, Marathon's flagship property and currently the sole focus of its exploration efforts. The property includes four zones with existing mineral resources, the Leprechaun, Marathon, Sprite and Victory Deposits. The property also comprises mineralized areas which have not been advanced to the point of hosting mineral resources, including the J. Frank, Narrows, Rainbow and Scott zones, and numerous untested drilling targets.
- The Baie Verte gold property in western Newfoundland, an early-stage exploration property acquired by staking in 2008.

Oregon, United States

- The Bonanza Mine, a historic former mine located in Baker County in northeastern Oregon.

British Columbia

- The Gold Reef property, an exploration property consisting of approximately 12 hectares of claims located near Stewart, BC with existing underground workings and drill holes.

2) OVERVIEW

At June 30, 2017, Marathon's cash position was $21.1 million compared to $8.5 million at December 31, 2016.

Marathon completed the following activities in the period ended June 30, 2017, and subsequently to the date of this MD&A:

- **Financing** – On May 25, 2017, Marathon closed a bought deal prospectus financing underwritten by a syndicate of underwriters led by RBC Capital Markets. Marathon issued a total of 6,900,000 common shares at a price of $1.03 per common share and 9,200,000 flow through shares at a price of $1.25 per flow through share, for aggregate gross proceeds of $18.6 million.

  These proceeds are currently funding an aggressive program of infill and extension drilling at the Marathon and Leprechaun Deposits as well as exploration drilling focused on showings with favorable geophysical characteristics located between the Victory Northeast and Leprechaun areas, including the Spite Deposit area. Marathon's summer/fall field exploration program will include a geochemical soil sampling program east of the Leprechaun-Sprite area and detailed prospecting and follow-up trenching focused on the northeastern part of the Valentine Lake property where there are indications of gold mineralization but limited historical exploration activity. Additional work will include advanced environmental studies which will be used in economic studies on the project and for permitting and a preliminary economic assessment, which is expected to commence in the fourth quarter of 2017 following completion of a revised property-wide mineral resource estimate reflecting the results of the current drilling program.

In addition, Marathon obtained proceeds of $2,070,368 from the exercise of warrants and stock options during the period ended June 30, 2017 and additional exercise proceeds of $639,750 from July 1, 2017 to the date of this MD&A.

- **Mineral resource estimate** – In February 2017, Marathon released an updated mineral resource estimate and the supporting National Instrument 43-101 technical report for the Valentine Lake property, incorporating the results of drilling on the property since the completion of the previous resource estimate in 2015 through February 2017. With completion of the updated resource, the Valentine Lake property hosts a total measured and indicated resource of 1.4 million ounces of gold at a grade of 1.91 g/t and an additional inferred resource of 0.8 million ounces at a grade of 2.24 g/t. Compared to the previous global resource estimate, the global measured and indicated resource increased by 0.4 million ounces or 31%, while the global inferred resource increased by 0.6 million ounces or 284%.

- **Acoustic surveying –** Marathon commenced work in January 2017 on an acoustic surveying program focused on identifying swarms of gold veining in areas of bog and heavy overburden to the southwest of the Marathon Deposit not readily amenable to traditional prospecting techniques. The expected cost of this program, which amounts to approximately $1.8 million, is being underwritten in part by a grant of $742,500 from the Research and Development Corporation of Newfoundland and Labrador ("RDC"), of which $668,000 has been received to the date of this MD&A.

  The field work portion of this program was completed in February 2017 and involved line cutting and other ground preparation activity as well as the gathering of acoustic data. The remainder of the program, which involves the analysis of the acoustic data by the surveyor using a proprietary methodology, is in progress and management expects to receive the results of this work in the third quarter of 2017.

- **Drilling** - Drill programs, which ran from January to March and June to December 2016, January to March 2017, and May 2017 to date, focused on expanding and upgrading the Leprechaun and Marathon Deposit resources, with three drills currently operating at the Marathon Deposit and a fourth drill focused on the Leprechaun Deposit. Since May 22, 2017, Marathon has completed a total of 30 holes covering 15,765 meters out of a planned program of 60,000 meters of infill and extension drilling at Leprechaun and Marathon, of which a total of 10 holes covering 5,200 meters have been assayed and reported.

3) SUMMARY OF MINERAL RESOURCES

The tables below set out the combined current mineral resource estimates for the Leprechaun, Marathon, Sprite, and Victory Deposits at the Valentine Gold Camp, as excerpted from Marathon's press release dated February 28, 2017:

Combined Resources – Valentine Lake Gold Camp (Leprechaun, Marathon, Sprite and Victory Deposits)

	Open Pit (0.40 g Au/t cut-off 2017)			Underground (1.60g Au/t cut-off Marathon Deposit, 2.00g Au/t cut-off Leprechaun)			Total		
	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)
Total Measured and Indicated	21,800	1.84	1,292,800	770	3.85	95,400	**22,570**	**1.91**	**1,388,200**
Total Inferred	8,838	1.98	562,600	1,830	3.47	203,900	**10,668**	**2.24**	**766,500**

Detailed information concerning the tonnages, grades, resource classifications and underlying assumptions for each of these deposits is presented in Section 4 of this MD&A.

The current drilling program resumed in May 2017 and is expected to continue until the fourth quarter of 2017. An updated resource estimate including the results of drilling from Marathon's 2017 drilling is expected to be completed once the drilling program has concluded and will serve as the foundation for a preliminary economic assessment on the property.

4) EXPLORATION ACTIVITY IN THE PERIOD

a) Valentine Lake

Drilling Programs 2016 to present

During 2016 and 2017 to the date of this MD&A, Marathon carried out a total of 50,752 meters of drilling on four discrete areas of the Valentine Lake property. For clarity, this drilling is summarized below.

	Leprechaun Deposit		Victory Deposit		Sprite Deposit		Marathon Area	
	# of holes	Meters	# of holes	Meters	# of holes	Meters	# of holes	Meters
2016	3	291	7	620	-	-	79	19,284
January to March 2017	7	2,560	-	-	16	2,174	21	9,940
May 2017 to date	12	4,932	-	-	-	-	18	10,833
	22	7,783	7	620	16	2,174	118	40,175

2016/Winter 2017 Drilling and Exploration Programs

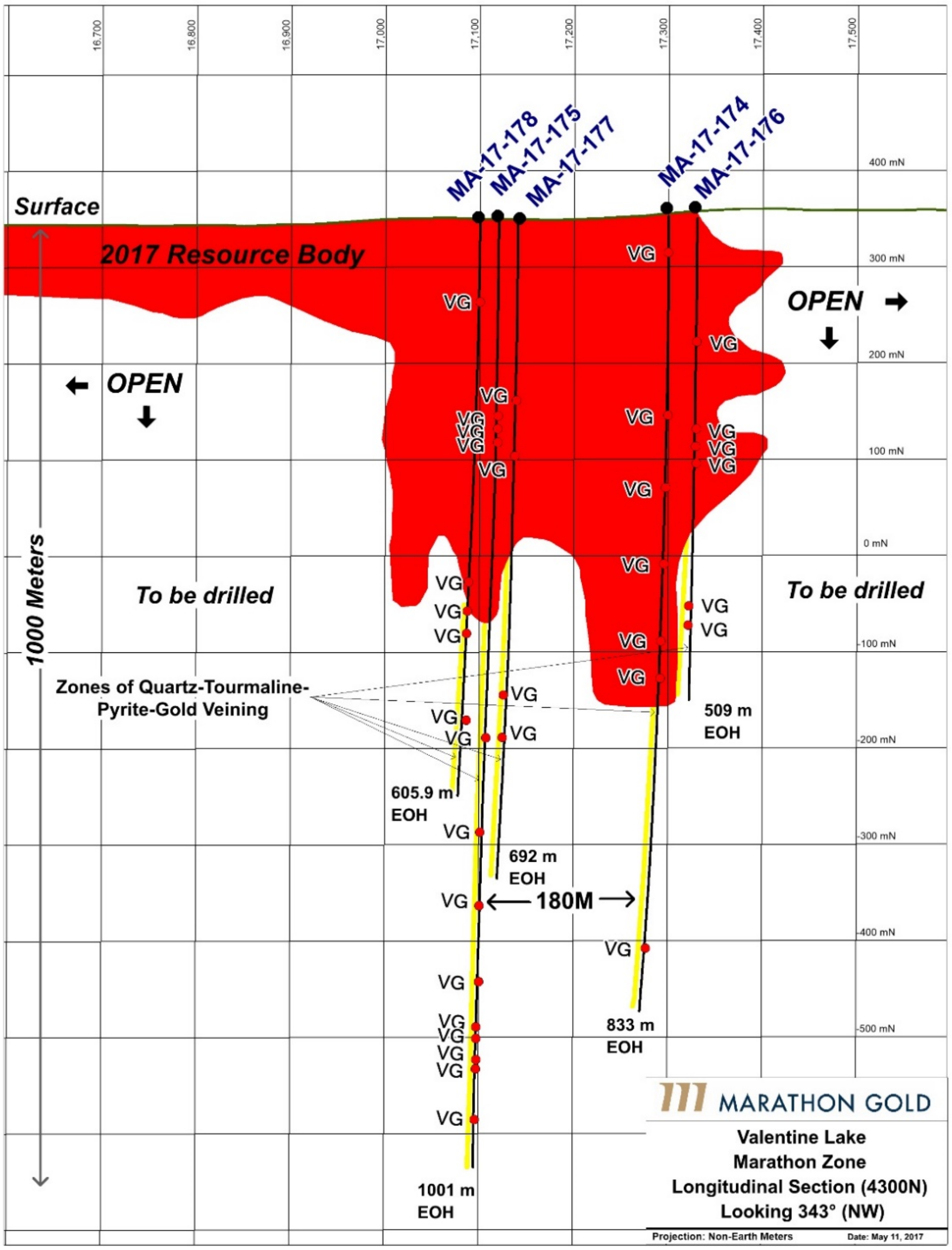
Marathon began its 2016 drilling program in January 2016 with a 13 widely spaced step-out holes totaling 2,062 meters of drilling over a strike length of approximately 1.2 kilometers. This drilling focused on otherwise inaccessible areas to the southwest of the 2015 Marathon Deposit resource boundary in wetlands and boggy areas with little to no outcrop and from 1 to 9 meters of overburden.

This drilling program and an accompanying geophysical survey, completed in the first quarter of 2016, satisfied management's objective of confirming the mineralization trend southwest from the Marathon Deposit. The program utilized 200-meter step-out holes which expanded the strike length of the Marathon trend by another 800 meters from the boundaries of the fall 2015 drilling program. The winter drilling successfully intersected zones of variable quartz-tourmaline-pyrite veining and alteration typical of the gold mineralization throughout the property.

Marathon resumed drilling at Valentine Lake in early June 2016 following the closing of a private placement financing in May and the end of the spring break-up. Apart from a break of approximately one month from mid-December 2016 to mid-January 2017, drilling continued to the end of March 2017, when drilling was suspended because of the annual spring break-up, with a total of 133 holes representing 34,869 meters of drilling being completed. The bulk of the drilling completed in this campaign was focused on the Marathon Deposit, which represents the largest gold resource on the Valentine Lake property. Marathon had numerous successes arising from the drilling, including:

- Drilling of three sub-vertical holes through the Marathon mineralized corridor that were allowed to run until the holes ceased to intercept QTP veining. These holes, which were the deepest holes ever drilled by Marathon at Valentine Lake, intercepted abundant QTP veining, which was associated with wide intervals of intermittent moderate to high-grade gold to depths of 966 meters. These results illustrated clearly the potential for resource expansion beneath the lower limits of the existing Marathon resource boundary.
- Intersecting high grade mineralization in wide intervals 80 to 100 meters down-dip of previous drilling, further proving that the mineralized corridor associated with the Marathon area extended to depth.
- Intercepting significant mineralization in step-out holes drilled southwest of the 2015 resource boundary.
- Successful infill drilling along the southwest end of the 2015 resource boundary and into the hanging wall to the northwest of the 2015 resource boundary.

The longitudinal section below illustrates the results of the winter 2017 drilling at the Marathon Deposit in comparison to the boundaries of the 2017 resource.



2017 Resource Estimate

Management had planned to bring the 2016/2017 drilling program to a close in the third quarter of 2017 before completing an update to the mineral resource estimates for the Leprechaun, Marathon, Sprite and Victory Deposits. These plans were altered as a result of drilling success in the early part of 2017, as noted above, and the unpublished results of a preliminary estimate carried out by an independent mining engineer which concluded that the resource associated with the Marathon Deposit had increased significantly. Marathon engaged Micon to complete a property wide resource estimate incorporating the results of drilling on the property to the end of 2016 and several holes completed early in 2017. The updated resource estimate is summarized below, as excerpted from Marathon's press release dated February 21, 2017. These results represent an increase in property-wide measured and indicated resources amounting to 328,100 ounces, or 31%, compared to the 2015 resource and an increase in inferred resources amounting to 566,700 ounces, or 284%.

Deposit / Category	**Open Pit**			**Underground**			**Total**		
	(0.40 g Au/t cut-off)			**(1.60 g Au/t cut-off Marathon Deposit 2.00 g Au/t cut-off Leprechaun)**					
	Tonnes	**Grade**	**Gold**	**Tonnes**	**Grade**	**Gold**	**Tonnes**	**Grade**	**Gold**
	(kt)	**(g/t)**	**(oz)**	**(kt)**	**(g/t)**	**(oz)**	**(kt)**	**(g/t)**	**(oz)**
Marathon									
Measured (M)	1,153	1.73	64,100	3	2.71	300	**1,156**	**1.73**	**64,400**
Indicated (I)	7,514	1.70	411,800	80	2.94	7,600	**7,594**	**1.72**	**419,400**
M+I	8,667	1.71	475,900	83	2.93	7,900	**8,750**	**1.72**	**483,800**
Inferred	6,842	1.99	437,500	1,428	3.18	145,900	**8,270**	**2.20**	**583,400**
Leprechaun									
Measured (M)	4,096	2.00	263,000	50	5.00	8,100	**4,146**	**2.04**	**271,100**
Indicated (I)	7,797	1.91	479,000	543	3.71	64,800	**8,340**	**2.03**	**543,800**
M+I	11,893	1.94	742,000	593	3.82	72,900	**12,486**	**2.03**	**814,900**
Inferred	1,758	1.89	106,700	291	4.32	40,400	**2,049**	**2.24**	**147,100**
Sprite									
Measured (M)	0	0	0	0	0	0	**0**	**0**	**0**
Indicated (I)	301	2.033	19,700	36	4.734	5,500	**337**	**2.32**	**25,200**
M+I	301	2.03	19,700	36	4.73	5,500	**337**	**2.32**	**25,200**
Inferred	158	2.72	13,800	49	5.277	8,300	**207**	**3.33**	**22,100**
Victory									
Measured (M)	0	0	0	0	0	0	**0**	**0**	**0**
Indicated (I)	939	1.829	55,200	58	4.889	9,100	**997**	**2.01**	**64,300**
M+I	939	1.83	55,200	58	4.89	9,100	**997**	**2.01**	**64,300**
Inferred	80	1.801	4,600	62	4.644	9,300	**142**	**3.04**	**13,900**
Total Measured (M)	**5,249**	**1.94**	**327,100**	**53**	**4.87**	**8,400**	**5,302**	**1.97**	**335,500**
Total Indicated (I)	**16,551**	**1.81**	**965,700**	**717**	**3.77**	**87,000**	**17,268**	**1.90**	**1,052,700**
Total M+I	**21,800**	**1.84**	**1,292,800**	**770**	**3.85**	**95,400**	**22,570**	**1.91**	**1,388,200**
Total Inferred	**8,838**	**1.98**	**562,600**	**1,830**	**3.47**	**203,900**	**10,668**	**2.24**	**766,500**

Notes:

1. CIM Definition Standards were followed for mineral resources.
2. The Qualified Person for the Leprechaun, Marathon, Sprite and Victory Mineral Resource estimate is Charley Murahwi, MSc.,P.Geo, FAusIMM
3. In pit Mineral Resources for Leprechaun and Marathon are reported at a cut-off grade of 0.4 g/t Au. Pit optimizations were used to constrain the resources.
4. Underground Mineral Resources are estimated at a cut-off grade of 1.6 g/t Au, outside the open pit constraint for the Marathon Deposit and 2 g/t Au for the narrower Leprechaun Deposit.

5. Mineral resources are estimated using an average long-term forecast, gold price of US$1,200 per ounce.
6. The Leprechaun Deposit was re-estimated using the same gold price, mining cost and recoveries as the Marathon Deposit.
7. Totals may not add correctly due to rounding.
8. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
9. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
10. In order to meet the criteria for "reasonable prospects for economic extraction" as required by CIM, the Marathon Deposit block model was constrained by an optimized pit using a gold price of US$1,200 per ounce and reasonable costs and metallurgical recovery and as well the material below the optimized pit was re-estimated using a cut-off grade of 1.6 g/t Au.
11. CIM Definition Standards were followed for mineral resources.
12. The Qualified Person for the Leprechaun, Marathon, Sprite and Victory Mineral Resource estimate is Charley Murahwi, MSc.,P.Geo, FAusIMM
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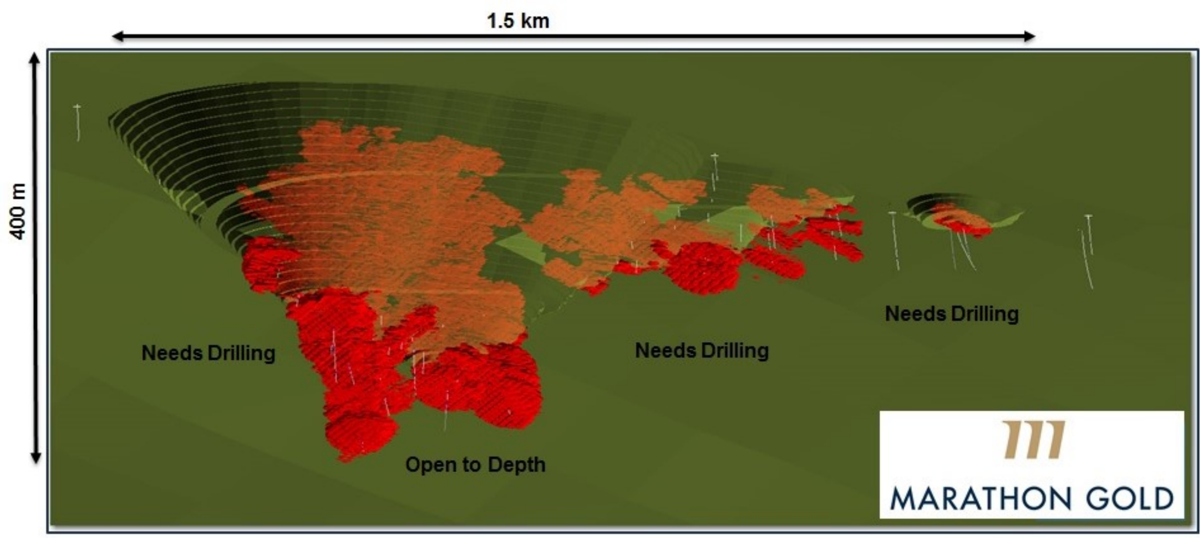
As expected given the amount of drilling carried out in the period since the completion of the 2015 resource estimate, the significant increase in resources was driven by the Marathon Zone, which continues to present the highest potential to increase open-pit and underground resources going forward.

A three-dimensional block model of the 2017 Marathon Deposit resource, viewed from the north and showing gaps in drilling that are being addressed in Marathon's ongoing 2017 drilling program, is set out below.

February 2017 Block Model looking North East



2017 Summer Drilling

Marathon resumed drilling in May 2017 following the closing of its prospectus financing with a plan to complete an additional 60,000 meters of drilling. The scope of this drilling program includes:

- Down-dip extension drilling at the Leprechaun Deposit intended to test the extension of high grade intercepts below 300 meters.
- Infill drilling at the Marathon Deposit for 1,200 meters along strike, intended to increase drill density in areas drilled with widely spaced holes in 2016, to upgrade resources from inferred to indicated, and to expand the Marathon Deposit resource to the southwest.
- Extension drilling to test mineralization at the Marathon Deposit along strike and to depth, beneath the current resource pit.
- Exploration drilling to test the potential of showings between the Victory and Leprechaun Deposits to host near-surface resources.

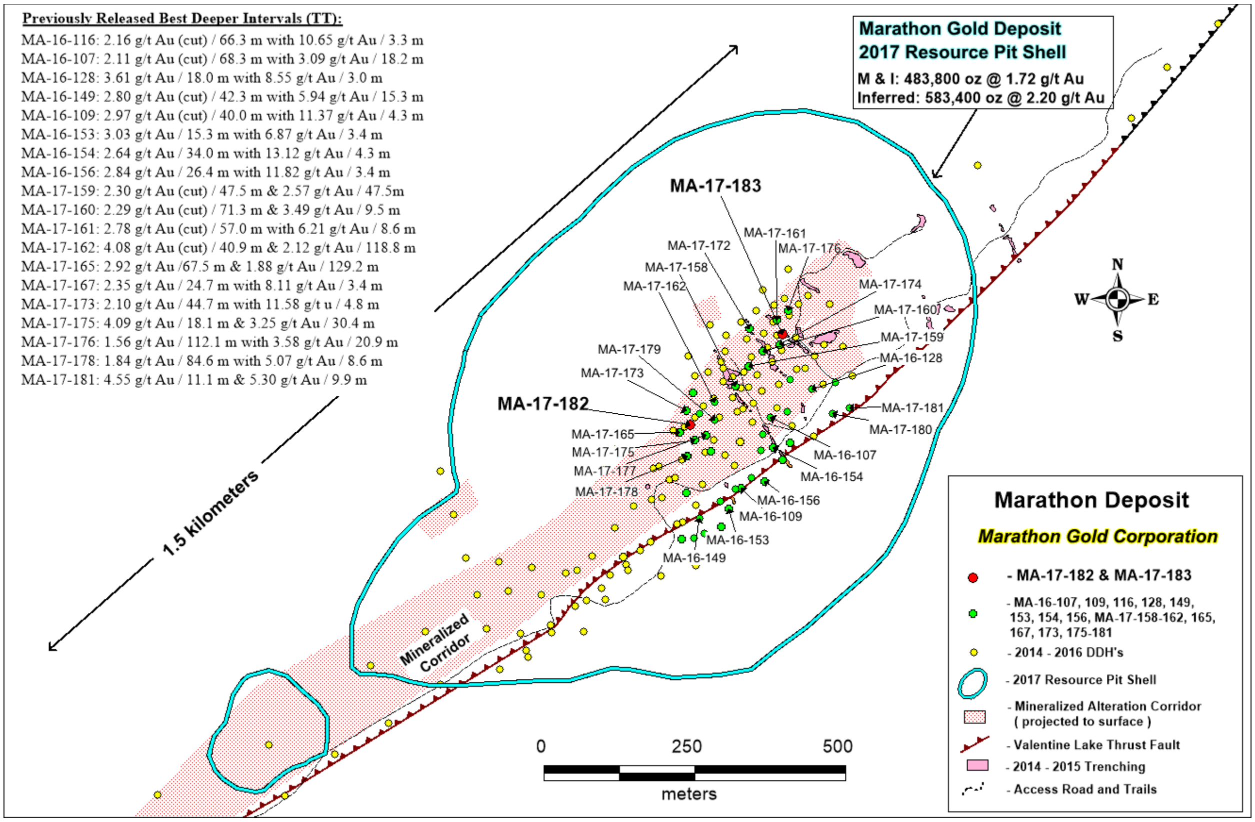
Upon resumption of drilling in May, the pace of drilling activity at Valentine Lake has accelerated, with three drills on site during May and June and a fourth drill added in July. Three drills located on the Marathon Deposit are focused on expanding the open pit resource to the southwest of the existing resource boundary, increasing the depth of the pit in the central portion of the deposit, and expanding the underground resources. A single drill at the Leprechaun Deposit is focused on expanding the down-dip extension of the existing high grade underground resource.

To the date of this MD&A, Marathon has completed 18 holes covering 10,833 meters at the Marathon Deposit and 12 holes covering 4,932 meters at the Leprechaun Deposit, representing approximately 26% of the 60,000 meters associated with this campaign. Of the drilling completed to date, Marathon has received assays and reported on a total of 10 holes covering 5,200 meters.

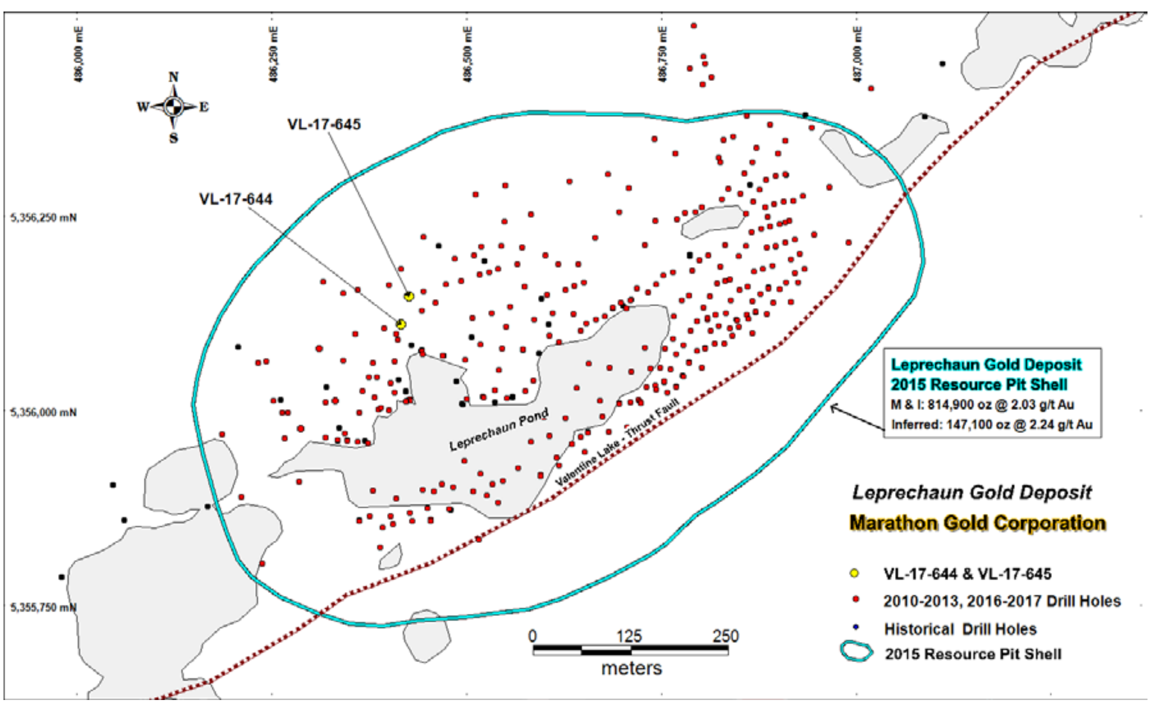
Drilling to date at each deposit has generated excellent results in line with management's objectives.

At the Marathon Deposit, notable drilling results included:

- Intercepts of high-grade gold intervals encountered in drilling across the main mineralized corridor in the northeastern and southwestern portions of the deposit, with the potential to deepen the open pit.
- Intercepts of high grade mineralization along the outer margin of the mineralized corridor in the southwestern area of the Marathon Deposit.



At the Leprechaun Deposit, drilling intercepted high-grade gold in down-dip extensions of the main mineralization zone. The location map below illustrates the location of current drilling within the existing resource pit shell.



Acoustic Surveying

Marathon engaged Acoustic Zoom Inc. ("AZI") to conduct a program of acoustic surveying on boggy areas to the southwest of the 2017 Marathon Deposit resource boundary, a part of the property with little outcrop and boggy surface conditions which limit the effectiveness of conventional prospecting techniques. RDC has underwritten a total of $742,500 of the expected costs of this program, which amount to approximately $1.8 million. To date, Marathon has received a total of $668,000 in assistance from RDC in connection with this work program.

AZI completed its surveying fieldwork in January and February, and its work has moved on to the analysis of acoustic data gathered during fieldwork using a proprietary methodology with the objective of possibly identifying swarms of gold-bearing vein swarms at depths well beneath the current lower limit of the 2017 Marathon Deposit resource boundary. A secondary goal of the survey is to locate the important Valentine Lake Thrust Fault on the foot wall of the mineralization and the gabbro contact from surface to depth along the 2.2 km surveyed.

Management expects to receive detailed results of this work in the third quarter of 2017.

Metallurgical Testwork

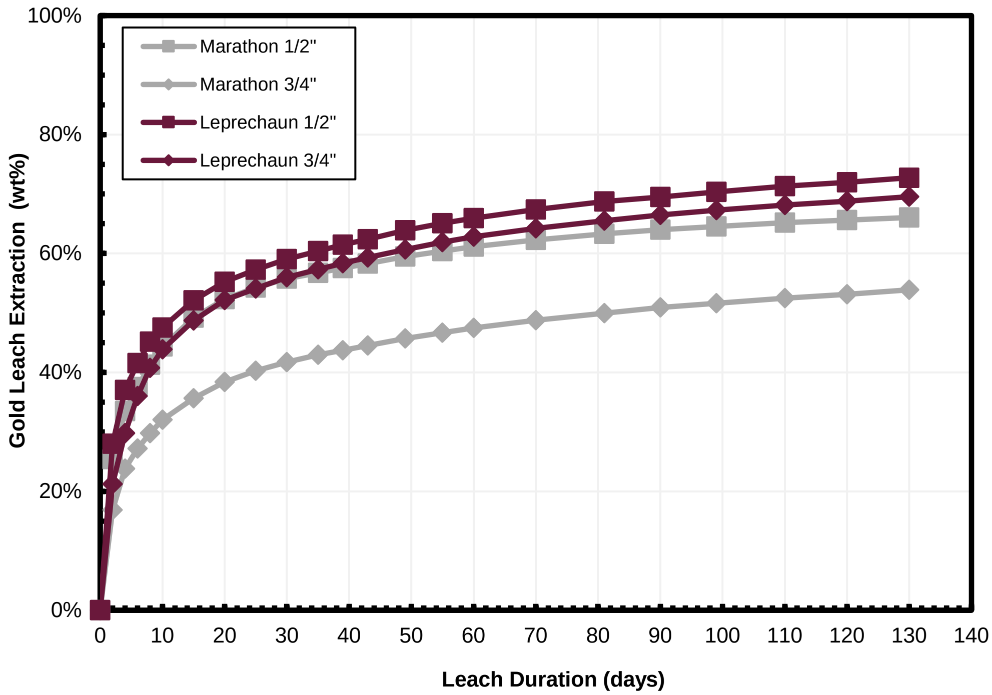
In the first quarter of 2016, Marathon commenced work on a metallurgical testwork program following on from its 2014/15 testwork program, with the costs of this program being underwritten approximately 75% by RDC. This program had two objectives:

- To determine whether mineralized material from the Leprechaun and Marathon Deposits, which currently make up 92% of the measured and indicated contained gold resource at Valentine Lake and 82% of the corresponding inferred resource, was amenable to heap leaching. The ability to employ heap leaching, either as a processing solution for lower-grade open pit material or for the entire resource at Valentine Lake, would give Marathon development and processing options to reduce infrastructure and operating costs.
- To determine the potential recoveries that could be expected from processing mineralized material from the Marathon Deposit, which is hosted in rock that is more silicified than the rock associated with the Leprechaun Deposit, using the conventional processing flowsheet developed in 2014 for the Leprechaun Deposit.

The program commenced in March 2016, with the results of preliminary bottle roll testing justifying column testing of samples crushed to minus 0.5" and minus 0.75". The column tests were terminated after 130 days of leaching, and subsequent assaying confirmed the following recoveries:

Deposit	Sample grade	Crush size	Cumulative recovery after 130 days
Leprechaun	1.66 g/t	-0.50"	72.7%
	1.33 g/t	-0.75"	69.6%
Marathon	1.83 g/t	-0.50"	66.0%
	2.13 g/t	-0.75"	53.9%

The chart below illustrates the gold recovery over the course of the column test and demonstrates that incremental gold recoveries were continuing up to the point where the test was terminated.



In addition, Thibault, a metallurgical consultant, carried out bench level tests to determine the maximum recovery of gold using flotation, gravity separation and cyanide leaching of gold concentrate and tailings on a representative sample of higher-grade material from the Marathon Deposit grading 3.55 g/t gold. This work was completed in the third quarter of 2016, with 59.4% of the contained gold in the sample being recovered through gravity separation. The total recoveries varied according to the processing option and are summarized below, compared to the equivalent recoveries achieved from bench scale testing carried out in 2014 on material from the Leprechaun Deposit.

Flowsheet Option	Process Steps	Combined Gold Extraction	
		Marathon (2016)	**Leprechaun (2014)**
1	Flotation + CIL of flotation concentrate	93.4%	93.7%
2	Flotation + CIL of flotation concentrate + CIL of flotation tails	98.1%	97.3%
3	Gravity separation + CIL of gravity tailings	95.3%	89.0%

Finally, late in 2016 Marathon commissioned bottle roll testing, indicative of heap leach recoveries, on samples of lower grade mineralized material from the Leprechaun and Marathon Deposits with a designed head grade of 0.3 g/t gold and crushed to minus 0.25 inches. This work resulted in recoveries after 240 hours of leaching ranging from 61.6% to 71.5% for material obtained from the Leprechaun Deposit and from 69.1% to 79.3% for material from the Marathon Deposit.

b) Baie Verte

Marathon completed a short program at the Baie Verte property consisting of four drill holes intended to test targets identified in prior surface exploration programs. No significant assay results have been obtained from 3 of the 4 drill holes completed in this drilling program.

5) OUTLOOK

a) Valentine Lake Gold Camp

In addition to the drilling program at Leprechaun and Marathon, there are a number of activities planned at Valentine Lake over the next 6 to 12 months, including:

- An exploration geochemical sampling program focused on areas east of the Leprechaun-Sprite area, as well as detailed prospecting and follow-up trenching focused on areas between Marathon and Victory Northeast;
- A program of detailed prospecting and follow-up trenching focused on the north-eastern part of the Valentine Lake property, an area with indications of gold mineralization but limited prior exploration activity;
- Advanced environmental studies, the results of which will be incorporated into economic studies on the project and used in the course of permitting activity;
- An enhanced metallurgical testwork program to optimize recoveries from flotation processing;
- Completion of an updated mineral resource estimate in the third quarter; and
- The completion of a preliminary economic assessment on the property.

b) Golden Chest

Management continues to monitor the activity of New Jersey Mining Company ("NJMC") with respect to Marathon's royalty interest in the Golden Chest property.

NJMC resumed mining operations at Golden Chest in October 2016 and has recently announced by way of a press release dated June 8, 2017 its intention to increase the size of the open pit tenfold. To June 30, 2017, Marathon had received royalty payments amounting to $25,292 in respect of provisional payments received by NJMC for shipments of concentrate by NJMC to its refiner, and subsequently to the date of this MD&A received an additional royalty payment of $29,555. These payments are treated for accounting purposes as reductions in the carrying value of Marathon's NSR royalty on production from Golden Chest until the carrying value has been reduced to $Nil.

c) Other properties

The exploration program completed at Baie Verte in the first quarter of 2017 is sufficient to satisfy Marathon's work commitment with respect to the party. Management does not anticipate further expenditures with respect to this property other than assays for the remainder of 2017. No assays have been completed to date.

Marathon has no plans at the date of this MD&A to carry out any exploration activities at the Bonanza property in Oregon or the Gold Reef property in British Columbia.

6) RESULTS OF OPERATIONS

The results of operations for the three- and six-month periods ended June 30, 2017 and 2016 are summarized below.

	Three months ended June 30		Six months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Expenses:				
Exploration expenses	**5,135**	-	**86,614**	-
General and administrative expenses	**1,229,011**	243,641	**1,583,268**	485,183
Other finance expense	**111,589**	6,741	**111,589**	6,741
Interest income	**(12,674)**	(1,529)	**(25,054)**	(3,073)
Foreign exchange loss	**3,287**	1,374	**5,225**	24,824
Loss before tax	**1,336,348**	250,227	**1,761,642**	513,675
Income tax recovery	**(699,851)**	-	**(1,874,140)**	(415,151)
Loss (Income) for the period attributable to Marathon Gold shareholders	**636,437**	250,227	**(112,498)**	98,524

Notes:

Three months ended June 30, 2017:

- **General and administrative expenses** increased from $243,641 to $1,229,011. The principal components of this change are set out below.
  - **Salaries and wages** charged to operations increased from $131,751 to $305,504, reflecting increases to base compensation paid to Marathon's key management and directors effective January 1, 2017 upon completion of a third-party review of Marathon's compensation practices. These increases reflect the first change in base compensation paid to management and the board since 2010. In addition, a performance bonus driven by the significant increase in mineral resources associated with the Valentine Lake property since the previous mineral resource in 2015 and related to performance in the 2015 and 2016 fiscal years was paid in the quarter to management and exploration staff.
  - **Professional fees** incurred in the second quarter increased from $7,251 to $104,976. This increase was driven by legal and shareholder intelligence consulting fees related to Marathon's response to reports prepared with respect on Marathon's proxy materials by two proxy advisory firms. These reports, which represented the first time proxy advisory firms had been engaged to review Marathon's proxy materials and which were tied to the increase in Marathon's share price over the past year, identified certain of Marathon's compensation practices and other disclosure in Marathon's annual information form and the management information circular issued in advance of its annual meeting on June 7, 2017. The fees incurred in 2017 relate to changes to Marathon's proxy filings, shareholder rights plan, and stock option plan and active engagement with the Toronto Stock Exchange, a number of Marathon's key institutional shareholders, and representatives of each proxy advisory firm.
  - **Occupancy costs** decreased following Marathon's move to new corporate offices in the third quarter of 2016.
  - **Stock based compensation** charged to operations increased from $Nil to $673,923, reflecting the fact that no options were granted in the second quarter of 2016. The weighted average grant date fair value of the options issued in 2016 amounted to $0.53. This represented a substantial increase from the value of the previous grant of options in December 2016, which

amounted to $0.33, with the increase being driven by the increase in the value of Marathon's shares.

- Amounts charged to operations as **Other finance expense** represent a portion of the costs associated with Marathon's May 2017 equity financing and attributable to the flow through share tax premium, which is classified as a liability.
- **Tax recoveries** in each quarter are driven by the proportional release of amounts reflected on the consolidated balance sheet as Flow through tax premium liabilities, based on cumulative spending of the proceeds of the flow through financings which gave rise to these liabilities. The increase in recoveries in 2017 reflects the considerably higher level of proceeds derived in 2016 from the issue of flow through shares compared to 2015.

Six months ended June 30, 2017:

- **Exploration expenses** incurred in 2017 amounted to $86,614, with no comparative in 2016. As explained in section 4 of this MD&A, Marathon completed a short drilling program at its Baie Verte exploration property, with the timing of this program driven largely by the need to incur expenditures in 2017 to keep Marathon's mineral licenses related to Baie Verte in good standing.
- **General and administrative expenses** increased from $485,183 to $1,583,268.
    - **Employee and director compensation** charged to operations increased from $245,969 to $473,540. In addition to the factors discussed above related to the increase in compensation costs in the second quarter of 2017, compensation costs in the first quarter of 2016 reflected voluntary forfeitures of salary and director fees undertaken in recognition of Marathon's weakened treasury at the time.
    - **Listing fees** associated with the continued listing of Marathon's common shares on the Toronto Stock Exchange, the filing of Marathon's year-end financial statements and Annual Information Form, and the top-up of its stock option plan increased from $30,043 to $59,896, largely because of the rise in the market value of Marathon's common shares.
    - The decrease in **occupancy costs** reflects the savings obtained by moving to new corporate offices in the third quarter of 2016, as discussed above.
    - **Professional fees** increased from $12,483 to $137,521. In addition to the costs associated with the governance changes discussed above and related to the second quarter results in isolation, Marathon also incurred increased professional fees related to the review of its first quarter financial statements by its auditor and costs related to completion of the independent review and benchmarking of its compensation practices.

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. Any differences between the summarized financial information below and the cumulative results reported in Marathon's interim and year-end financial statements are due to rounding.

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3
Statement of Operations: (all amounts in $000's)								
Exploration expenses	5	81	1	22	-	-	1	-
General and administrative expenses	1,229	354	799	279	244	242	351	476
Other (income) loss	103	(10)	190	(5)	6	21	13	2
Loss from continuing operations before tax	1,337	425	990	296	250	263	365	478
Income taxes	(700)	(1,174)	162	-	-	(415)	(13)	-
Loss (Income) from continuing operations attributable to Marathon shareholders	637	(749)	1,152	296	250	(152)	352	478
Loss (Income) from discontinued operations, net of tax	-	-	-	-	-	-	(1,021)	1,925
Loss (Income) from discontinued operations attributable to non-controlling interest	-	-	-	-	-	-	(49)	(920)
Loss (Income) for the period attributable to Marathon shareholders	637	(749)	1,152	296	250	(152)	(716)	1,483
Loss (Income) per Share:								
Loss (Income) from continuing operations attributable to Marathon shareholders								
Basic	0.005	($0.006)	$0.013	$0.003	$0.002	($0.002)	$0.004	$0.005
Diluted	0.005	($0.006)	$0.013	$0.003	$0.002	($0.002)	$0.004	$0.005
Loss (Income) attributable to Marathon shareholders								
Basic	0.005	($0.006)	$0.013	$0.003	$0.002	($0.002)	($0.008)	$0.017
Diluted	0.005	($0.006)	$0.013	$0.003	$0.002	($0.002)	($0.008)	$0.017
Balance Sheet: (all amounts in $000's)								
Cash, cash equivalents and short-term investments	21,127	5,169	8,458	3,014	3,667	1,772	2,600	2,351
Working capital	19,324	4,799	6,445	3,050	3,716	1,823	2,198	2,201
Mineral exploration and evaluation assets	55,099	51,872	48,795	46,613	45,093	44,570	44,100	43,199
Total assets	76,867	57,656	49,969	49,034	46,528	46,878		46,620

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 third and fourth quarters of 2015, the fourth quarter of 2016 and the second quarter of 2017 reflect the issuance of stock options in each period.

8) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash and cash equivalents at June 30, 2017 amounted to $21,127,103 compared with $8,458,077 at year-end 2016. Marathon's working capital at March 31, 2017 was $19,323,721 versus $6,445,509 at year-end 2016.

Marathon funded its operations in the period ended June 30, 2017 through the use of cash raised through a bought deal prospectus financing of flow through shares which closed in October 2016 and raised gross proceeds of $7,992,000; a bought deal prospectus financing of common shares and flow through shares which closed in May 2017 and raised gross proceeds of $18,607,000; and additional proceeds in the period amounting to $2,070,368 from the exercise of warrants and stock options.

These issuances of equity have provided Marathon with sufficient resources to continue its aggressive drilling program at Valentine Lake. Marathon's ability to carry out exploration work at its mining properties, particularly resource expansion drilling, continues to depend on financing. While management has been successful in raising equity in current market conditions, there can be no assurance that Marathon will continue to be successful in its efforts to attract capital.

9) CAPITAL ACTIVITIES

Marathon completed one financing in the period ended June 30, 2017.

On May 25, 2017, Marathon closed a bought deal prospectus financing underwritten by a syndicate of underwriters led by RBC Capital Markets, pursuant to which Marathon issued a total of a total of 6,900,000 common shares at a price of $1.03 per common share and 9,200,000 flow through shares at a price of $1.25 per flow through share, for aggregate gross proceeds of $18,607,000.

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. The option plan was amended during the period ended June 30, 2017, following discussions with ISS and key institutional shareholders, to place additional limits on the number and grant date fair value of options issuable to Marathon's non-employee directors, as described below:

- Options issued to non-employee directors subsequent to June 7, 2017, the date on which the amended option plan was approved by Marathon's shareholders, cannot exceed 1% of Marathon's issued and outstanding shares.
- The grant date fair value of all options awarded in any fiscal year to non-employee directors is limited to $100,000 per director.

A total of 2,185,000 options were awarded in the period ended June 30, 2017 at a weighted average exercise price of $1.08 per share. These options were awarded with immediate vesting. In addition, a total of 1,353,000 options were exercised in the period ended June 30, 2017, generating proceeds of $674,870, and 173,000 options expired in the period.

11) RELATED PARTY TRANSACTIONS

Marathon incurred the following compensation costs related to key management and directors in the normal course of business in the three- and six-month periods ended June 30, 2017 and 2016. At June 30, 2017, no amounts were owed by Marathon in respect of the transactions described below.

	Three months ended June 30		**Six months ended June 30**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Salaries paid to officers	**155,000**	134,063	**310,000**	249,844
Bonus paid to officers	**275,000**	-	**275,000**	-
Director fees	**37,500**	25,323	**75,000**	46,042
Stock based compensation	**952,722**	-	**952,722**	-
	1,420,222	159,386	**1,612,722**	295,886

12) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	140,778,352
Unexercised stock options	10,007,500
Unexercised share purchase warrants	4,523,350
Fully diluted share capital – August 8, 2017	**155,309,202**

13) OFF-BALANCE SHEET ARRANGEMENTS

Marathon had no off balance sheet arrangements as at June 30, 2017 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 has participated in the past, and may participate in the future, 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 amended and restated Annual Information Form for the year ended December 31, 2016. This document may be obtained at www.sedar.com.

15) FUTURE ACCOUNTING PRONOUNCEMENTS

The Company has not yet adopted the following new accounting pronouncements which are effective for fiscal periods of the Company beginning on or after January 1, 2017:

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

In July 2014, the IASB published the final version of IFRS 9 *Financial Instruments* ("IFRS 9"), which brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 replaces the multiple classifications for financial assets in IAS 39 with a single principle based approach for determining the classification of financial assets based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The final version of IFRS 9 is effective for periods beginning on or after January 1, 2018 and may be adopted early.

The Company is in the process of evaluating the impact of adopting this standard.

International Financial Reporting Standard 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 which replaces existing standards and interpretations under IAS 17, "*Leases*". IFRS 16 requires all leases, including financing and operating leases, to be reported on the balance sheet with the intent of providing greater transparency on a company's lease assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

The Company is in the process of evaluating the impact of adopting this standard.

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 June 30, 2017.

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 June 30, 2017 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.

Impairment of mineral exploration and evaluation assets

Determining whether facts and circumstances indicate that Marathon's mineral exploration and evaluation ("E&E") assets may be impaired and require the recognition of an impairment loss, or conversely whether a reversal of an impairment loss recognized in a prior period may be required, is a subjective process involving judgment and a number of estimates and interpretations.

Determining whether to test for impairment of E&E assets requires management's subjective assessment of a number of facts and circumstances concerning each subject property, including, among others:

- whether the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;

- whether substantive expenditure on further E&E of mineral resources in a specific area is either budgeted or planned;
- Marathon's financial capacity to execute exploration activities on a given property;
- the extent to which exploration for and evaluation of mineral resources in a specific area have led to the discovery of commercially viable quantities of mineral resources and any resulting decisions by management to cease or significantly reduce further E&E activities in the area; and
- the existence of sufficient data to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

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.

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