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 nine months ended September 30, 2019 and 2018.

The MD&A should be read in conjunction with Marathon's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 and 2018, including the notes thereto. This MD&A is presented as of November 12, 2019. All figures presented in this MD&A are expressed in Canadian dollars, unless specified otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this MD&A constitutes forward-looking information within the meaning of Canadian securities laws ("forward-looking statements"). All statements in this MD&A, other than statements of historical fact, which address events, results, outcomes or developments that Marathon expects to occur are forward-looking statements. 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", "estimates", "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. More particularly and without restriction, this MD&A contains forward-looking statements and information about, among other things, the operations, business, financial condition, expected financial results, performance, prospects, opportunities, goals, ongoing objectives, strategies and outlook of the Company, the outlook for economic and capital markets conditions for the current and subsequent fiscal years, plans regarding future drilling programs and pre-feasibility and feasibility studies and the timetable for completion of the foregoing.

Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. In respect of the forward-looking statements and information concerning the interpretation of exploration results and the impact on the project's mineral resource estimate, Marathon has provided such statements and information in reliance on certain assumptions it believes are reasonable at this time, including assumptions as to the continuity of mineralization between drill holes. A mineral resource that is classified as "inferred" or "indicated" has a great amount of uncertainty as to its existence and economic and legal feasibility. It cannot be assumed that any or part of an "indicated mineral resource" or "inferred mineral *resource" will ever be upgraded to a higher category of mineral resource. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into proven and probable mineral reserves.*

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. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include the ability of the current exploration program to identify and expand mineral resources, operational risks in exploration and development for gold, delays or changes in plans with respect to exploration or development projects or capital expenditures, uncertainty as to calculation of mineral resources, changes in commodity and power prices, changes in interest and currency exchange rates, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources), changes in development or mining plans due to changes in logistical, technical or other factors, cost escalation, changes in general economic conditions or conditions in the financial markets. delays and other risks described in Marathon's documents filed with Canadian securities regulatory authorities. You can find further information with respect to these and other risks in Marathon's Annual Information Form for the year ended December 31, 2018 and other filings made with Canadian securities regulatory authorities and available at www.sedar.com. Other than as specifically required by law, Marathon undertakes 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 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.

CAUTIONARY STATEMENT

The preliminary economic assessment of the Valentine Gold Project dated October 30, 2018 (the "PEA") discussed in this MD&A was prepared in accordance with NI 43-101. Readers are cautioned that the PEA is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

QUALIFIED PERSONS

This MD&A has been reviewed by Robbert Borst, Marathon's Chief Operating Officer, and Sherry Dunsworth, Marathon's Senior Vice President Exploration. Mr. Borst and Ms. Dunsworth are Qualified Persons in accordance with NI 43-101 and have approved the technical content within this MD&A related to disclosures concerning Marathon's mineral projects, mineral resource estimates, and economic studies on behalf of Marathon.

1) STRATEGY

Marathon's strategy is the acquisition, exploration and development of mineral properties, with a focus on gold properties located in North America. The Company is currently advancing the Valentine Gold Project (the "Project") through pre-feasibility and permitting with the goal of ultimately moving the Project through construction and into operation.

At the date of this MD&A, Marathon owns a 100% interest in the Valentine Gold Project in central Newfoundland, the Company's principal and only material property. The Project is Marathon's flagship property and currently the sole focus of its exploration and development efforts. The property includes four zones with existing mineral resources, the Marathon, Leprechaun, Sprite and Victory Deposits. The property also includes areas that do not have defined mineral resources, including the 3.8-kilometer area between the Marathon and Sprite Deposits; the J. Frank, Narrows, Rainbow and Victory SW zones; and numerous untested drilling targets.

In addition, Marathon holds 100% interests in (i) the Bonanza Mine, a historic former mine located in Baker County in northeastern Oregon; (ii) the Gold Reef property, an exploration property consisting of approximately 12 hectares of claims located near Stewart, BC; and (iii) a 2% net smelter returns royalty on precious metal sales by the Golden Chest mine in Idaho.

2) OVERVIEW AND HIGHLIGHTS

Marathon's current focus is on the advancement of the Valentine Gold Project through completion of an updated mineral resource estimate and a pre-feasibility study ("PFS") as well as ongoing permitting. Marathon has recently strengthened its management team and increased its treasury in order to position the Company to execute on these development activities.

Marathon completed the following activities in the year ended December 31, 2018 and the period ended September 30, 2019:

Financing and Liquidity:

On September 30, 2019 Marathon closed a bought deal private placement of common share units and flow through units which raised aggregate gross proceeds of $25.3 million. With the benefit of the successful financing, Marathon finished the third quarter with a cash position of $34.0 million compared to $3.7 million at December 31, 2018. This leaves the Company well positioned to pursue near term development activities at the Valentine Gold Project, including engineering studies, environmental assessment and community consultation, as well as continuing exploration activities. For additional details regarding the financing, see Section 4.

Sale of NSR to Franco-Nevada:

On February 21, 2019, Marathon completed the sale of a 2% net smelter returns royalty ("NSR") to Franco-Nevada Corp. (the "FNV NSR") for proceeds of $18 million. The FNV NSR includes a 0.5% buy-back provision that allows Marathon to reduce the royalty to 1.5% prior to December 31, 2022 at a cost of US$7 million. For additional details regarding the FNV NSR, see Section 5.

Infill drilling program:

Marathon's 2019 infill drilling program was completed in October 2019. This program was carried out primarily on the main mineralized corridors of the Marathon and Leprechaun deposits with two concurrent objectives:

- To further confirm Marathon's geological models for the Marathon and Leprechaun deposits by demonstrating the lateral continuity of the QTP-gold veining along and across strike as well as to the depth of the resource pit shells within the mineralized corridors of each deposit, and

- To upgrade existing inferred resources in each deposit into the measured and indicated categories and increase the inferred resources associated with the Leprechaun and Marathon deposits.

Based on the success of the infill program during the summer of 2019, Marathon increased the scope of the infill drilling program by 14,000 meters from 44,800 meters to a total of 58,800 meters. Through September 30, 2019 Marathon completed 195 holes covering 54,212 meters in the two deposits, representing over 90% of the expanded 2019 infill drilling program. The infill program was completed in October, and the results will be incorporated into an updated mineral resource estimate for the Project, which is expected to be completed in the fourth quarter of 2019. This updated resource will form the basis for the PFS. For additional details regarding the infill drilling program, see Section 8.

Metallurgy:

Mill recovery tests on higher-grade material from the Leprechaun and Marathon deposits are continuing and the scope of this work has been expanded. As a result, the completion of the test work is now expected in the fourth quarter of 2019 rather than the third quarter. This will not impact the timing of completion of the PFS.

Marathon completed column testing on 12 samples of mineralized lower-grade material from the Leprechaun and Marathon deposits in May 2019. This work, which was undertaken to assess potential heap leach recoveries, returned extraction rates of 72% for the Leprechaun Deposit and 65% for the Marathon Deposit. These results are well in excess of the 59% recoveries assumed in the PEA. For additional details regarding metallurgy, see Section 8.

Environment and Stakeholder Engagement:

Marathon filed an Environmental Assessment ("EA") Registration/Project Description with the Newfoundland and federal governments on April 5, 2019, which was subsequently accepted into the formal EA review process on April 16, 2019. As expected, both levels of government determined that further EA work was required for the Project in the form of an Environmental Impact Statement ("EIS"). Following the conclusion of this early stage review process, Marathon commenced work on an EIS. On August 1, 2019 Marathon was informed by the Canadian Environmental Assessment Agency ("CEAA") that the environmental assessment process for the Valentine Gold Project will proceed under the normal course and will not be subject to a panel review.

Marathon commenced formal stakeholder engagement in March 2019, beginning with public meetings in the closest communities to the Project, including Buchans, Millertown and Grand Falls-Windsor, to brief residents, municipal governments, and other local stakeholders on the status of the Project and Marathon's development plans. In May and July 2019, the Company also held initial meetings with representatives of the Qalipu and Maiwpukek (Conne River) First Nations, whose traditional land use and activities may be impacted by the Project. Stakeholder engagement and consultation activities are ongoing. For additional details regarding environment and stakeholder engagement, see Section 8.

Mineral Resource Estimate:

In October 2018, Marathon released an updated mineral resource estimate. Per the October 2018 resource estimate, the Valentine Gold Project hosts (i) total Measured mineral resources of 16.6 million tonnes at an average grade of 2.18 g/t, representing 1.17 million ounces of gold; (ii) total Indicated mineral resources of 28.5 million tonnes at an average grade of 1.66 g/t, representing 1.52 million ounces of gold; and (iii) total Inferred mineral resources of 26.9 million tonnes at an average grade of 1.77 g/t, representing 1.53 million ounces of gold.

Following the recent completion of the 2019 infill drilling programs at the Leprechaun and Marathon deposits, an updated resource estimate is scheduled to be completed in the fourth quarter of 2019. This updated resource estimate will incorporate the results of drilling on the property since October 2018 and will form the basis for the PFS. For additional details regarding the mineral resource estimate, see Sections 6 and 8.

Preliminary Economic Assessment:

In October 2018 Marathon completed a PEA on the Valentine Gold Project. This work was led by Lycopodium Minerals Canada and the John T. Boyd Company. The results of the PEA were communicated in a news release dated October 30, 2018 and an accompanying NI 43-101 compliant technical report was filed on SEDAR on November 30, 2018. These results do not reflect the effect of the FNV NSR.

The PEA outlined a potential mining operation involving conventional mill processing and heap leaching with an estimated development capital cost of US$355 million and average annual production of 225,100 ounces of gold during the first 12 years of operation at a project-level all-in sustaining cost ("AISC") of US$666 per ounce. At an assumed gold price of US$1,250 per ounce and US$/C$ foreign exchange rate of $0.77, the Project is estimated to have an after-tax payback of 2.5 years, an after-tax NPV (5%) of US$493 million and an after-tax IRR of 30%.

In September 2019 Marathon appointed Ausenco Engineering Canada ("Ausenco") as the lead consultant for the PFS. Ausenco's initial activity will be focused on the completion of trade-off studies based on the updated mineral resource estimate underway at the date of this MD&A. The PFS is expected to be completed in the second quarter of 2020. For additional details regarding the PEA, see Section 7.

3) MANAGEMENT CHANGES

Through 2019 Marathon made a number of changes to its management team as the Company moves from a primary focus on exploration activity to a focus on mine development including: permitting, completion of technical and financial studies, sourcing project financing and, ultimately, the construction and operation of a mine. A summary of the management changes is provided below:

- The appointment of Matthew Manson as President and Chief Executive Officer in August 2019 as the successor to Phillip Walford upon Mr. Walford's retirement;

- The appointment of Hannes Portmann as Chief Financial Officer in October 2019, replacing Jim Kirke;
- The appointment of Jamie Powell as Director of Environment and Stakeholder Engagement in January 2019;
- The appointment of Mary Hatherly as Manager of Stakeholder Engagement in October 2019; and
- The appointment of Alberto Heredia as Director, Controller and Treasurer in October 2019.

4) FINANCING

On September 30, 2019 Marathon closed a bought deal private placement which generated aggregate gross proceeds of $25,299,400 through the issue of the following securities:

- 11,570,000 common share units at a price of $1.32 per unit, with each unit consisting of one common share and one-half of one warrant. Each whole warrant is exercisable at a price of $1.60 per share and expires on September 30, 2021.
- 5,420,000 flow through units at a price of $1.85 per unit, with each unit consisting of one flow-through share and one-half of one warrant, with each whole warrant bearing the same terms as those contained within the common share units.

The successful financing leaves Marathon with over $30 million to fund its work on trade-off studies, the completion of the PFS and ongoing environmental assessment. At the same time, the flow-through funds will be used to support continued exploration efforts on the Company's 240 km^2 land package.

5) SALE OF NET SMELTER RETURNS ROYALTY

On February 21, 2019 Marathon completed the sale of the FNV NSR for gross proceeds of $18,000,000 and net proceeds of $17,979,222. A number of factors made the FNV NSR desirable, including:

- The transaction represented the first investment in the Project by a well-regarded corporate mining-industry investor;
- The sale price of the FNV NSR represented a fair price in the context of Marathon's stage of progress toward production and de-risking the Project's technical, operational and economic profile and represented significantly less dilution for shareholders in comparison to the issuance of shares to raise comparable funds in early 2019; and
- The right to buy back 25% of the FNV NSR, representing a 0.5% royalty, prior to December 31, 2022 gives Marathon the ability to reduce the financial burden of the royalty prior to a production decision.

6) SUMMARY OF MINERAL RESOURCES

An updated resource estimate incorporating assay data received to October 6, 2018 was completed by John T. Boyd Company ("Boyd") in October 2018 and is the most current resource associated with the Valentine Gold Project. This resource estimate was the foundation for the PEA.

The summary table below sets out the combined current mineral resource estimates for the Leprechaun, Marathon, Sprite, and Victory Deposits at the Valentine Gold Project, as excerpted from Marathon's news release dated October 30, 2018.

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

Deposit / Category	Open Pit			Underground			Total		
	Tonnes	Grade (g/t)	Gold (oz.)	Tonnes	Grade (g/t)	Gold (oz.)	Tonnes	Grade (g/t)	Gold (oz.)
Valentine Gold Project Summary									
Total Measured	**16,397,000**	**2.12**	**1,119,800**	**223,000**	**6.51**	**46,700**	**16,620,000**	**2.18**	**1,166,500**
Total Indicated	**27,938,000**	**1.60**	**1,437,900**	**588,000**	**4.61**	**87,000**	**28,526,000**	**1.66**	**1,524,900**
Total Measured and Indicated	**44,335,000**	**1.79**	**2,557,700**	**811,000**	**5.13**	**133,700**	**45,146,000**	**1.85**	**2,691,400**
Total Inferred	**24,429,000**	**1.57**	**1,230,200**	**2,428,000**	**3.86**	**301,400**	**26,857,000**	**1.77**	**1,531,600**

Detailed information concerning the tonnages, grades, resource classifications and underlying assumptions for each of these deposits is presented in Section 8 of this MD&A.

7) PRELIMINARY ECONOMIC ASSESSMENT

In October 2018, Marathon completed an updated PEA on the Valentine Gold Project and announced the results of the PEA in a news release dated October 30, 2018. The economic highlights of the PEA are summarized below and are excerpted from this news release. All figures reported in the table below are expressed in US dollars.

Key Statistic	Assumptions and Estimated Results:
Preproduction Capital	**$355 Million**
Pre-Tax Payback Period	**1.7 years**
Pre-Tax NPV (5%)	**$834 Million**
Pre-Tax IRR	**44%**
After-Tax Payback Period	**2.5 years**
After-Tax NPV (5%)	**$493 Million**
After- Tax IRR	**30%**
Mine Life	**12.2 years**
Recovered Gold Ounces	**2,723,300**
Average Annual Production	**225,100 ounces (12-year average)**
LOM Average Cash Cost	**$603 / oz Au**

Key Statistic	Assumptions and Estimated Results:
LOM Average AISC – All in Sustaining Costs (1)	$666 / oz Au
Throughput (tonnes per day) – Mill and Heap Leach	9,000 tpd / 9,000 tpd
Mill Grade & Recovery	2.2 g/t / 95%
Heap Leach Grade & Recovery	0.5 g/t / 59%
Gold Price	$1,250 / oz Au
FX Rate (CDN$/US$)	$0.77

Note:

1. Project-level AISC which excludes the impact of corporate general and administrative expenses.

The Sprite Deposit was excluded from the PEA because of its relatively small resource, and underground resources in each deposit were excluded because of a lack of sufficient drill results to establish continuity.

The results of the PEA established the potential for the Valentine Gold Project to support a low-cost, robust open-pit operation with an attractive return on investment.

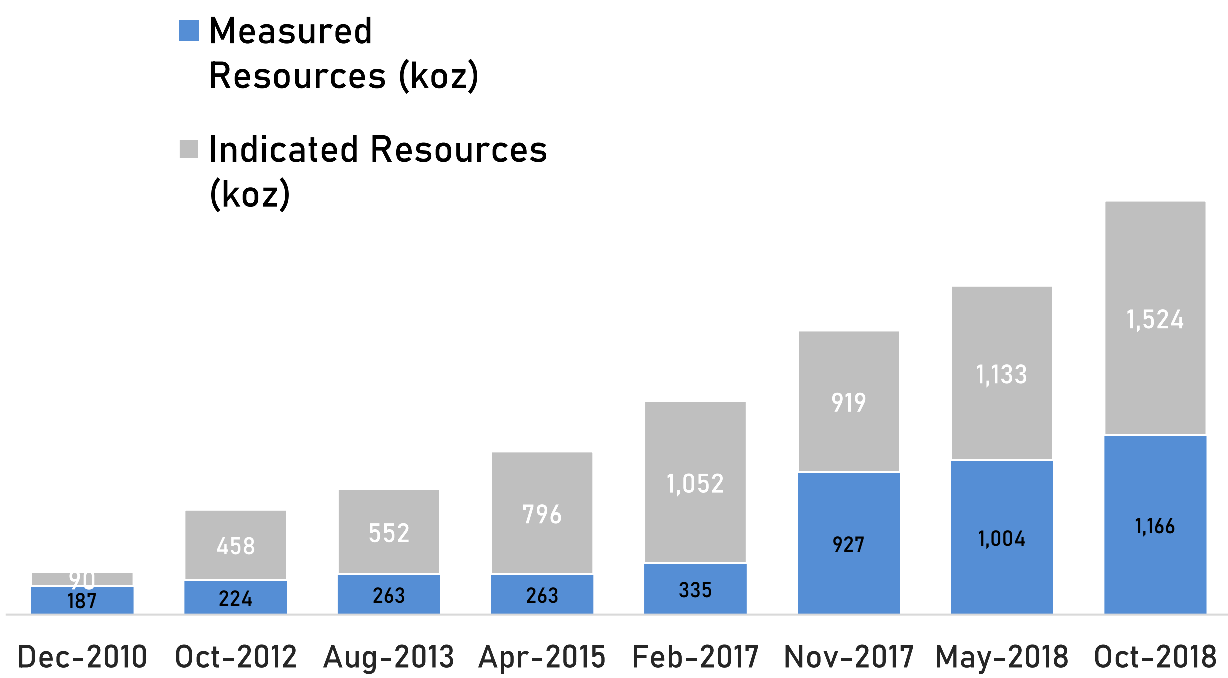
Cautionary Statement:

The PEA was prepared in accordance with NI 43-101. Readers are cautioned that the PEA is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the economic results reflected in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

8) EXPLORATION AND DEVELOPMENT ACTIVITY

Valentine Gold Project

The chart below illustrates the growth of the Valentine Gold Project's measured and indicated gold resources from when Marathon began exploration activities at the property in 2010 to October 2018, representing the most recent mineral resource estimate prepared in accordance with the requirements of NI 43-101. These resources do not reflect the results of any drilling on the property since October 2018.



In addition, over the same eight-year period, the inferred resource grew from 284,000 ounces of gold to 1,531,600 ounces of gold. Details of the tonnes and grade associated with each resource on the Valentine Gold property are provided below in section 8 of this MD&A.

2019 Drilling Program

Marathon's focus through the end of third quarter was on its infill drilling program, which commenced in January 2019. This program was being carried out on the main mineralized corridors of the Marathon and Leprechaun deposits with two concurrent objectives:

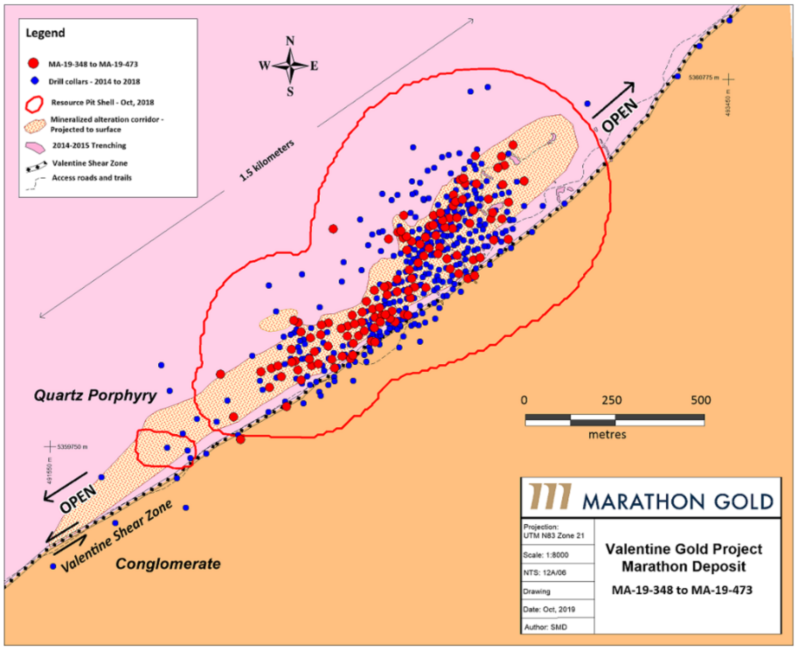
- To further confirm Marathon's geological models for the Marathon and Leprechaun deposits by demonstrating the lateral continuity of the QTP-gold veining along and across strike as well as to the depth of the resource pit shells within the mineralized corridors of each deposit, and
- To upgrade existing inferred resources in each deposit into the measured and indicated categories and increase the inferred resources associated with the Leprechaun and Marathon deposits.

In the nine-month period ended September 30, 2019 Marathon completed a total of 195 drill holes – 126 holes at the Marathon deposit covering 33,701 meters, and an additional 69 holes at the Leprechaun deposit covering 20,511 meters. The 2019 infill drilling program was over 90% complete at the end of the third quarter and subsequently concluded in October 2019, with a total of 209 holes covering 58,298 meters completed.

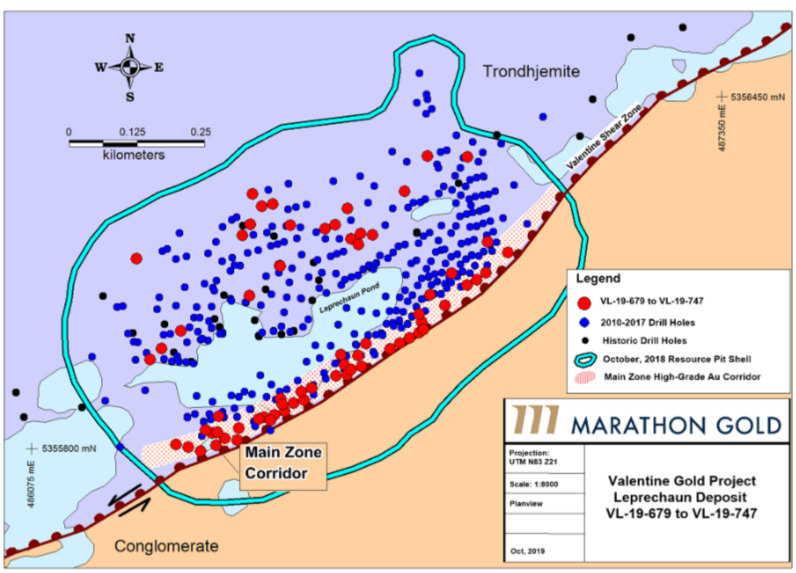
The infill drilling at both the Leprechaun and Marathon deposits provided further confirmation of the lateral continuity of higher-grade mineralization between adjacent drill holes in the deposits, an important step in Marathon's work to de-risk the Project and upgrade the Project's Mineral Resources.

The drill maps below illustrate the location of the drill holes completed to September 30, 2019 within the resource pit shells for the Marathon and Leprechaun deposits.

Marathon Deposit (2019 drilling shown in red):



Leprechaun Deposit (2019 drilling shown in red):



Following completion of the infill drilling program, Marathon began work on a 7,000-meter exploration drilling program focused on the Sprite Deposit. The objective of this program is to provide further drill data to assess the potential for the multiple small resource pits that make up Sprite to be combined into one or more larger pits. This work is ongoing and is scheduled to be completed in the fourth quarter of 2019.

Mineral Resource Estimate

In October 2018 Marathon completed an updated mineral resource estimate based on drill data obtained prior to October 9, 2018. This resource served as the foundation for the PEA. The resource reflected the results of the majority of drilling completed in 2018 and the results of metallic screen assays on pre-2018 drilling undertaken to better estimate grade where coarse gold was present.

The October 2018 updated resource estimate, completed by Boyd, is summarized below, as excerpted from Marathon's news release dated October 30, 2018.

Material/ Category	Open Pit			Underground			Total		
	Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold
	(t)	(g/t)	(oz)	(t)	(g/t)	(oz)	(t)	(g/t)	(oz)
Leprechaun Deposit									
Measured	5,760,000	2.38	440,800	81,000	3.91	10,200	5,841,000	2.40	451,000
Indicated	3,010,000	1.92	185,500	64,000	3.46	7,100	3,074,000	1.95	192,600
M+I	**8,770,000**	**2.22**	**626,300**	**145,000**	**3.71**	**17,300**	**8,915,000**	**2.25**	**643,600**
Inferred	7,533,000	1.48	357,400	388,000	4.27	53,300	7,921,000	1.61	410,700
Sprite Deposit									
Measured	0	0.00	0	0	0.00	0	0	0.00	0
Indicated	708,000	1.70	38,800	9,000	2.40	700	717,000	1.71	39,500
M+I	**708,000**	**1.70**	**38,800**	**9,000**	**2.40**	**700**	**717,000**	**1.71**	**39,500**
Inferred	1,291,000	1.17	48,700	46,000	2.70	4,000	1,337,000	1.23	52,700
Marathon Deposit									
Measured	10,637,000	1.99	679,000	142,000	7.99	36,500	10,779,000	2.06	715,500
Indicated	23,211,000	1.56	1,163,700	513,000	4.80	79,100	23,724,000	1.63	1,242,800
M+I	**33,848,000**	**1.69**	**1,842,700**	**655,000**	**5.49**	**115,600**	**34,503,000**	**1.77**	**1,958,300**
Inferred	13,784,000	1.69	750,100	1,839,000	3.86	228,300	15,623,000	1.95	978,400
Victory Deposit									
Measured	0	0.00	0	0	0.00	0	0	0.00	0
Indicated	1,009,000	1.54	49,900	2,000	1.85	100	1,011,000	1.54	50,000
M+I	**1,009,000**	**1.54**	**49,900**	**2,000**	**1.85**	**100**	**1,011,000**	**1.54**	**50,000**
Inferred	1,821,000	1.26	74,000	155,000	3.17	15,800	1,976,000	1.41	89,800
All Deposits									
Measured	16,397,000	2.12	1,119,800	223,000	6.51	46,700	16,620,000	2.18	1,166,500
Indicated	27,938,000	1.60	1,437,900	588,000	4.61	87,000	28,526,000	1.66	1,524,900
M+I	**44,335,000**	**1.79**	**2,557,700**	**811,000**	**5.13**	**133,700**	**45,146,000**	**1.85**	**2,691,400**
Inferred	**24,429,000**	**1.57**	**1,230,200**	**2,428,000**	**3.86**	**301,400**	**26,857,000**	**1.77**	**1,531,600**

Notes:

1. The effective date for this mineral resource estimate for Sprite, and Victory is November 27, 2017 and is reported on a 100% ownership basis. The effective date for the mineral resource estimate for Marathon is October 9, 2018. The effective date for the mineral resource estimate for the Leprechaun Deposit is October 5, 2018. The resources have been restated using the updated PEA economics. All material tonnes and gold values are undiluted.

2. Mineral Resources are calculated at a gold price of US$1,250 per troy ounce.
3. The open pit mineral resources presented above use an economic pit shell to determine material available for open pit mining. The underground mineral resources are that material outside of the in-pit mineral resources above the stated underground cutoff grade.
4. 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, socio-political, marketing, or other relevant issues.
5. The mineral resources presented here were estimated using a block model with a block size of 6 m by 6 m by 6 m sub-blocked to a minimum block size of 2 m by 2 m by 2 m using ID^3 methods for grade estimation. Mineral resources for the Leprechaun and Sprite deposits are reported using an open pit gold cut-off of 0.281 g/t Au and an underground gold cut-off of 1.767 g/t Au. Material between a 0.281 Au g/t value and 1.142 Au g/t is assumed to be processed on a heap leach. Material above a 1.142 Au g/t is assumed to be processed in a mill. Higher gold grades were given a limited area of influence which was applied during grade estimation by mineralized domain. Mineral resources for the Marathon and Victory deposits are reported using an open pit gold cut-off of 0.328 g/t Au and an underground gold cut-off of 1.731 g/t Au. Material between a 0.328 Au g/t value and 0.700 Au g/t is assumed to be processed on a heap leach. Material above a 0.700 Au g/t is assumed to be processed in a mill. Higher gold grades were given a limited area of influence which was applied during grade estimation by mineralized domain.
6. The mineral resources presented here 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 May 10, 2014.
7. Figures are rounded, and totals may not add correctly.

Metallurgy

Marathon's 2019 metallurgical testwork consisted of two discrete programs:

- Mill testing focused on a bulk sample of approximately 2 tonnes of higher-grade material from the Leprechaun and Marathon deposits to optimize recoveries; and
- Column testing on material from the Leprechaun and Marathon deposits with the objective of assessing the amenability of lower grade material from each deposit to heap leaching.

Marathon is completing bulk flotation on almost 2 tonnes of higher-grade material from the Leprechaun and Marathon deposits. Testing of these samples, including cyanidation tests on concentrates after regrinding, regrind energy demand tests, liquid-solid separation tests to allow sizing of the concentrate and tailings thickeners, and environmental tests is progressing following an expansion of the scope of the program in the third quarter of 2019. The preliminary results from this work are in line with the assumptions used in the PEA. The testwork program is expected to be finalized in the fourth quarter of 2019 and the results will be incorporated into the trade-off studies and, ultimately, the PFS.

Heap leach amenability testing on 12 discrete and composited samples taken from representative core from the Leprechaun and Marathon deposits with varying crush sizes was completed in May 2019, with each sample being subject to leaching for 160 days. The results of this work are set out below.

Column number	Deposit	Samples	Crush size	Gold assays, g/t		Gold extraction, %
				Column feed	Column residue	
1	Marathon	Zone A	-12.5 mm (-1/2”)	0.51	0.24	53.3
2		Zone B	-12.5 mm (-1/2”)	0.73	0.25	66.3
3		Zone C	-12.5 mm (-1/2”)	0.96	0.28	71.3
		Average of above		0.73	0.25	65(1)
4		Blend A+B+C	-25 mm (-1”)	0.71	0.23	67.1
5		Blend A+B+C	-12.5 mm (- ½”)	0.75	0.30	60.4
6		Blend A+B+C	-6.3 mm (-1/4”)	0.93	0.25	73.0
7	Leprechaun	Zone D	-12.5 mm (-1/2”)	0.38	0.11	71.7
8		Zone E	-12.5 mm (-1/2”)	0.66	0.18	71.8
9		Zone F	-12.5 mm (-1/2”)	0.57	0.15	73.7
		Average of above		0.53	0.15	72(1)
10		Blend D+E+F	-25 mm (-1”)	0.52	0.17	66.8
11		Blend D+E+F	-12.5 mm (-1/2”)	0.45	0.11	76.6
12		Blend D+E+F	-6.3 mm (-1/4”)	0.54	0.14	73.5

Notes: (1) Average extraction based on average of calculated column feed grades and average of column residue grades

The results of this work support higher recoveries than the initial 59% recoveries assumed for the purpose of the PEA.

Environment and Stakeholder Engagement

In January 2019, Marathon strengthened its project team with the appointment of James Powell as Director of Environment and Stakeholder Engagement. On April 5, 2019 Marathon submitted the Environmental Assessment Registration/Project Description to the Canadian Environmental Assessment Agency (“CEAA”) and the Newfoundland and Labrador Department of Municipal Affairs and Environment (“NLDMAE”), the agencies regulating the Project at the federal and provincial levels, respectively. The Project Description set out details of:

- The location and size of the land package comprising the Project and its geographical setting;
- The main elements of the mine’s infrastructure, including planned roadworks, open pits, process plant and water treatment facilities, and storage and management of reagents and other materials, mineral stockpiles, tailings, and process and sanitary wastewater;
- Proposed plans and scheduling for construction of mine infrastructure and the development of the open pits;
- The environmental setting and potential environmental impacts of Marathon’s planned construction and operating activities; and
- Marathon’s planned approach to stakeholder consultation.

Following a period of public consultation and review of the document by CEAA and NLDMAE, Marathon was advised in June 2019 that it would be required to prepare an EIS; this was in line with Marathon’s expectations. CEAA published finalized guidelines for the EIS in July 2019, while the NLDMAE released draft guidelines for a 40-day public review process in October 2019, with final guidelines expected in December 2019. At the date of this MD&A, Marathon is continuing environmental baseline work in support of known and anticipated EIS requirements while consulting with both regulators. Baseline studies, modeling, and assessment of the various environmental components related to the proposed project will continue until submission of the EIS, currently planned for mid-2020.

On August 1, 2019 Marathon was advised by CEAA that the federal review of the Project will proceed through the normal course and would not involve a panel review.

In March 2019 Marathon began the formal process of stakeholder engagement, initially with the three closest communities to the Project – Buchans, Millertown, and Grand Falls-Windsor - to brief local residents, governments, and other interested persons on management's development plans for the Project and to answer questions concerning the potential impact of the Project on these communities. Further community meetings were held subsequent to the end of the third quarter in October. This process of engagement and consultation with stakeholders, including provincial and federal government agencies and affected community groups, will continue throughout the EIS and permitting processes and throughout the life of the Project. Further community consultation is planned for 2019.

In May and July 2019, respectively, Marathon met with representatives of the Qalipu and Maiwpukek (Conne River) First Nations, whose traditional land use and activities may be impacted by the Project. Marathon has since communicated Project and EA updates, and further meetings are planned for 2019.

As noted in Section 3, Marathon appointed Mary Hatherly as Manager of Stakeholder Engagement in October 2019. Mary brings significant indigenous engagement and stakeholder consultation experience to the team.

9) OUTLOOK

a) Valentine Gold Project

The majority of Marathon's activity with respect to the Project for the remainder of the year is in support of the completion of the updated Mineral Resource estimate, advancement of the PFS, ongoing environmental assessment and continued exploration.

In the MD&A for the period ended June 30, 2019, Marathon indicated that it had anticipated completing trenching and drilling programs to condemn potential infrastructure sites. During the third quarter, the Company made a decision to postpone this work until the PFS had been completed given the potential for elements of the Project infrastructure to be relocated in the course of completing the study. Accordingly, this work no longer forms part of Marathon's plans for the remainder of 2019.

Marathon's plan for the remainder of 2019 includes:

- Completion of the Sprite-area exploration drill program described above;
- An updated mineral resource estimate incorporating the results of the infill drilling;
- The completion of geotechnical investigations to assess and optimize pit slopes at the Marathon and Leprechaun deposits;
- Continuation of work in support of the EIS;

- Hydrology, hydrogeology and acid rock drainage studies; and
- The continuation of trade-off studies by Ausenco Engineering, the lead consultant with respect to the PFS, and advancement of the PFS.

b) Other properties

In 2017, the Company completed a small exploration program at Baie Verte. As the exploration results were insufficient to justify further work on the property, Marathon allowed its interest in the claims underlying the property to lapse in July 2019.

10) RESULTS OF OPERATIONS

The results of operations for the three and nine months ended September 30, 2019 and 2018 are summarized below.

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
	$	$	**$**	$
Expenses:				
General and administrative expenses	**734,011**	1,123,354	**2,079,489**	1,985,299
Exploration expenses	**23,395**	21,814	**23,395**	21,814
Other income – royalties related to gold sales by the Golden Chest mine	**(39,575)**	(15,307)	**(93,926)**	(33,548)
Interest income	**(59,634)**	-	**(156,576)**	-
Accretion expense	**729**	-	**1,226**	-
Other finance expense	**146,744**	47,626	**146,744**	47,626
Foreign exchange gain	**(11,110)**	(7,984)	**(17,609)**	(3,077)
Loss before tax	**794,560**	1,169,503	**1,982,743**	2,018,114
Income tax (recovery) expense	**(176,784)**	226,293	**16,171**	90,545
Loss for the period	**617,776**	1,395,796	**1,998,914**	2,108,659

Three months ended September 30, 2019:

- **General and administrative expenses** decreased from $1,123,354 to $734,011. The principal components of this change are set out below.
  - **Professional fees** increased from $27,724 to $191,096 in the quarter, reflecting costs for an executive search firm and other associated expenses incurred in connection with implementing Marathon's CEO succession program.
  - **Part XII.6** tax decreased from $23,259 to $Nil as a direct result of lower levels of exploration expenditures having been renounced at December 31, 2018 using the look-back rule with respect to flow through financings completed in 2018, compared to 2017.
  - **Stock based compensation** decreased from $766,556 to $187,257. The 2018 quarterly expense reflects the award of a total of 2,334,000 options with immediate vesting as part of the Company's annual compensation process, while the 1,000,000 options awarded in the third quarter of 2019 were awarded with 75% of the vesting tied to future milestones.
- **Royalty income** increased from $15,307 to $39,575, reflecting higher gold prices and improved head grades of material mined at the Golden Chest Mine, where the Company holds a 2% net smelter returns royalty.

- **Interest income** increased from $Nil to $59,634 as Marathon invested surplus cash arising from the sale of the FNV NSR in interest-bearing deposits.

Nine months ended September 30, 2019:

- **General and administrative expenses** increased from $1,985,299 to $2,079,489. The principal components of this change are set out below.
  - **Salaries and wages** charged to operations increased from $498,921 to $665,359, driven primarily by a performance bonus paid during the second quarter of 2019 to senior management and administrative and exploration staff and the recognition of cumulative accrued vacation pay.
  - **Investor relations** decreased from $236,271 to $167,161, driven by significant reductions in marketing initiatives, particularly in the second quarter of 2019.
  - **Professional fees** increased from $87,645 to $433,956, primarily reflecting costs for an executive search firm and other associated expenses incurred in connection with implementing Marathon's CEO succession program and the completion of a benchmarking study for non-executive director compensation.
  - **Part XII.6** tax decreased from $76,851 to $3,654 as a direct result of lower levels of exploration expenditures having been renounced at December 31, 2018 using the look-back rule with respect to flow through financings completed in 2018, compared to 2017.
  - **Stock based compensation** decreased from $766,556 to $462,965, primarily driven by the lack of options awarded to non-executive directors in 2019 (2018 – 834,000 options with a grant date fair value of $398,785), partly offset by the expense related to options awarded to Matt Manson upon his appointment as Marathon's President and Chief Executive Officer in the third quarter of 2019.
- **Royalty income** increased from $33,548 to $93,926. This increase reflects the improvements in gold price and head grades noted above. In addition, in the comparable 2018 period, the first $43,565 in royalty payments were applied to draw down the carrying value of an NSR which formed part of the consideration arising from Marathon's sale of its interest in the Golden Chest mine in 2015.
- **Interest income** increased from $Nil to $156,576 as Marathon invested surplus cash arising from the sale of the FNV NSR in interest-bearing deposits.

11) 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.

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Statement of Operations: (all amounts in $000's)								
Exploration expenses	23	-	-	1	22	-	-	1
General and administrative expenses	734	762	583	364	1,123	379	483	424
Other (income) loss	38	(97)	(60)	(36)	24	(8)	(5)	30
Loss before tax	795	665	523	329	1,169	371	478	455
Income taxes	(177)	88	105	409	227	175	(311)	3,401
Loss attributable to Marathon shareholders	618	753	628	738	1,396	546	167	3,856
Loss per Share:								
Loss attributable to Marathon shareholders								
Basic	$0.004	$0.004	$0.004	$0.005	$0.009	$0.004	$0.001	$0.03
Diluted	$0.004	$0.004	$0.004	$0.005	$0.009	$0.004	$0.001	$0.03
Balance Sheet: (all amounts in $000's)								
Cash, cash equivalents and short-term investments	33,979	15,834	19,431	3,662	5,905	3,240	4,136	7,172
Mineral exploration and evaluation assets	80,288	74,872	70,520	85,778	83,685	79,490	77,563	73,826
Total assets	115,157	91,333	90,437	89,803	90,192	83,131	82,409	81,542

Notes:

1. Marathon's reported exploration expenses reflect the timing of exploration activities at properties other than the Valentine Gold Project and are not directly comparable from one accounting period to another.
2. Marathon's reported general and administrative expenses in the third quarter of 2018 and the second quarter of 2019 reflect the issuance of stock options in each period. The increase in reported cash balances at March 31, 2019 and September 30, 2019 compared to December 31, 2018 reflect the sale of the FNV NSR (discussed in section 5 of this MD&A) and the completion of a $25.3 million financing (discussed in section 4) , respectively .

12) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash and cash equivalents at September 30, 2019 were $33,978,866 compared with $3,662,137 at year-end 2018.

Marathon funded its operations in the period ended September 30, 2019 and subsequently to the date of this MD&A through the use of existing cash reserves at December 31, 2018; the sale of the FNV NSR, which raised net cash proceeds of $17,979,222; the net proceeds from a private placement of common share units and flow through share units which raised aggregate net proceeds of $24,006,503; and additional proceeds of $751,175 from the exercise of stock options.

The sale of the FNV NSR provided Marathon with sufficient resources to fund its 2019 infill drilling program at the Marathon and Leprechaun deposits and the September 2019 equity financing provides the Company with additional financial resources to fund the ongoing work required to complete the PFS on the Valentine Gold Project. As Marathon moves forward, it will require additional financing to undertake development and exploration activities at the Project.

13) CAPITAL ACTIVITIES

On September 30, 2019, Marathon closed a bought deal private placement of the following securities:

- 11,570,000 common share units at a price of $1.32 per unit consisting of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of $1.60 per share and expiring on September 30, 2021, and
- 5,420,000 flow-through share units at a price of $1.85 per unit consisting of one flow-through share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of $1.60 per share and expiring on September 30, 2021,

The private placement generated aggregate gross proceeds of $25,299,400 and net proceeds of $24,006,503.

14) OPTIONS AND EQUITY LINKED COMPENSATION PLANS

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 second quarter of 2017 in advance of Marathon's annual general meeting of its shareholders, 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:

- Common shares reserved for issuance under stock options issued to non-employee directors subsequent to May 29, 2017 cannot exceed in the aggregate, together with any other security-based compensation awards to such directors, 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.

Marathon awarded a total of 3,225,000,000 options at a weighted average exercise price of $1.13 per share in the period ended September 30, 2019, none of which were awarded to non-employee directors. In addition, a total of 2,314,500 options were exercised during the period at a weighted average exercise price of $0.34 per share, generating proceeds of $751,175, and a total of 18,000 options expired.

In the period from October 1, 2019 to the date of this MD&A, 215,000 options were exercised for proceeds of $200,500 and Marathon awarded a total of 1,250,000 options at a weighted average exercise price of $1.54 per share. Of the 2,529,500 shares issued pursuant to the exercise of stock options from January 1, 2019 to the date of this MD&A, a total of 2,139,000 shares were held by the respective optionees subsequent to exercise and have not been sold to the date of this MD&A.

Deferred Share Units

As noted above, the terms of Marathon's stock option plan as amended and restated effective May 29, 2017 impose a limit on options issued and outstanding to non-executive directors of 1% of issued and outstanding shares. At the date of this MD&A, this limit amounted to 1,790,960, and a total of 1,594,000 options had been issued to non-executive directors subsequent to May 2017 and remained outstanding.

Marathon adopted a cash-settled deferred share unit ("DSU") plan on October 10, 2019. Grants awarded under the terms of this plan vest on December 31 of the year of award and are settled in cash at the time the non-executive director leaves the Company. On October 10, 2019 Marathon's non-executive directors were awarded a total of 250,000 DSU's with a grant date fair value of $1.60 per unit, representing total compensation costs of $400,000.

15) 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 nine months ended September 30, 2019 and 2018.

	Three months ended September 30		**Nine months ended September 30**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Salaries and bonus paid to officers	**245,909**	188,333	**900,909**	498,333
Director fees	**126,054**	47,500	**213,554**	142,500
Grant date fair value of stock-based compensation	**552,489**	1,130,689	**1,124,213**	1,130,689
	924,452	1,366,522	**2,238,676**	1,771,522

16) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	179,096,202
Warrants	8,495,000
Unexercised stock options	13,650,000
Fully diluted share capital – November 12, 2019	**201,241,202**

17) OFF-BALANCE SHEET ARRANGEMENTS

Marathon had no off balance-sheet arrangements as at September 30, 2019 or subsequently to the date of this MD&A.

18) 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.

Marathon has completed a preliminary economic assessment on the Valentine Gold Project, the second economic study on the property, and has commenced work on a pre-feasibility study. While Marathon was successful in raising financing through the sale of the FNV NSR and the private placement discussed in sections 4 and 5 of this MD&A, the proceeds from which are expected to fund Marathon's operations through to completion of the pre-feasibility study, moving forward toward the completion of a definitive feasibility study and, if considered appropriate, construction and commissioning of a mine will require substantial additional financing, and it may not be possible to raise sufficient 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.

In addition to the foregoing, Marathon is subject to a number of other risks and uncertainties which are not discussed in this MD&A. To properly understand such risks, readers are directed to Marathon's Annual Information Form for the year ended December 31, 2018 and other filings made with Canadian securities regulatory authorities and available at www.sedar.com.

19) 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.

There have been no changes in Marathon's internal controls over financial reporting during the three-month period ended September 30, 2019 that have materially affected or are likely to materially affect its internal control over financial reporting.

20) 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 and have concluded that these controls and procedures were effective as at September 30, 2019.

21) 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, the expected forfeiture of options issued subject to vesting, 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.

22) CHANGES IN ACCOUNTING POLICIES

Marathon adopted IFRS 16, *Leases*, effective January 1, 2019.

Overview of IFRS 16, Leases

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

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

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

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

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

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

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

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

Until the end of 2018, payments under operating leases were charged to the Consolidated Statements of Operations on a straight-line basis over the life of the lease and consequently were fully included in the calculation of loss per share. Subsequent to adoption of IFRS 16, only depreciation charged on in respect of right-of-use assets and interest expense on lease liabilities are now included in the Consolidated Statements of Operations and therefore included in the calculation of loss per share. Principal portions of lease payments are not included in the Consolidated Statements of Operations and are instead applied to reduce the lease liability in the Consolidated Balance Sheets.

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

Practical expedients applied

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

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

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

23) ADDITIONAL INFORMATION

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

(Signed) "Matt Manson"	(Signed) "Hannes Portmann"
Matt Manson	Hannes Portmann
President and Chief Executive Officer	Chief Financial Officer