MARATHON GOLD

Management's Discussion and Analysis

For the Year Ended December 31, 2019

TABLE OF CONTENTS

OVERVIEW OF MARATHON 6
SUMMARY OF FINANCIAL RESULTS 6
CORPORATE DEVELOPMENTS 8
SUMMARY OF MINERAL RESOURCES 10
EXPLORATION AND DEVELOMPENT ACTIVITY 11
METALLURGY 12
ENVIRONMENT AND STAKEHOLDER ENGAGEMENT 13
SUMMARIZED QUARTERLY FINANCIAL RESULTS 14
LIQUIDITY AND FINANCIAL CONDITION 15
OUTLOOK FOR 2020 15
TABLE OF CONTRACTUAL OBLIGATIONS 16
RELATED PARTY TRANSACTIONS 16
OPTIONS AND EQUITY LINKED COMPENSATION PLANS 17
FINANCIAL INSTRUMENTS 17
OFF-BALANCE SHEET ARRANGEMENTS 17
OUTSTANDING SHARE DATA 17
CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS 18
CHANGES IN ACCOUNTING POLICIES 18
DISCLOSURES ABOUT RISKS 19
CONTROLS AND PROCEDURES 20
ADDITIONAL INFORMATION 21

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Marathon Gold Corporation and its subsidiaries (“Marathon” or the “Company” or “we” or “our”). This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2019, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. This MD&A includes information available to, and is dated, March 26, 2020. Unless noted otherwise, all currency amounts are stated in thousands of Canadian dollars and all financial information presented in this MD&A is prepared in accordance with IFRS.

CAUTIONARY NOTE 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 Marathon’s ability to obtain financing to fund its activities, uncertainty as to calculation of mineral resources, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources), the ability of the current exploration program to identify and expand mineral resources, operational risks in exploration and development for gold, actual project economics varying from the Corporation’s future pre-feasibility study or current preliminary economic assessment including delays or changes in plans with respect to exploration or development projects or capital expenditures, 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 and delays, volatility in mineral prices, the ability of Marathon to attract qualified personnel, title defects, government approvals and permits, environmental laws, regulations and permits, pre-existing environmental liabilities, operating hazards and risks, taxation rules, competition with other mining companies, uninsurable risks including public health crises such as the novel coronavirus, liquidity risk, share price volatility, dilution and future sales of common shares, aboriginal interests and rights, cybersecurity and climate change.

You can find further information with respect to these and other risks in Marathon's Annual Information Form for the year ended December 31, 2019 and other filings made with Canadian securities regulatory authorities 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.

QUALIFIED PERSONS AND CAUTIONARY NOTE REGARDING MINERAL RESOURCES

Scientific and technical information contained in this MD&A was reviewed and approved 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 National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") and have approved the technical content of this MD&A. Marathon's mineral resources have been calculated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and in compliance with the requirements of NI 43-101. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Information on data verification performed on, and other scientific and technical information relating to, the Valentine Gold Project are contained in Marathon's Annual Information Form for the year ended December 31, 2019 and the current technical report for the Valentine Gold Project prepared in accordance with NI 43-101 titled "Technical Report, Preliminary Economic Assessment of the Valentine Lake Gold Project, Newfoundland, NL, Canada" dated November 26, 2018 with an effective date of October 30, 2018 and authored by Lycopodium Minerals Canada Limited, John T. Boyd Company, Mining and Geological Consultants, APEX Geoscience Ltd. and Stantec Consulting Ltd. (the "2018 Valentine Lake Technical Report") available at www.sedar.com. Readers are cautioned that the preliminary economic assessment ("PEA") included in the 2018 Valentine Lake Technical Report 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.

Readers are further cautioned that subsequent to the date of the Valentine Lake Technical Report, the Company (i) completed the sale of the a 2% net smelter returns royalty (the "FNV NSR") to Franco-Nevada Corp. on February 21, 2019 (ii) announced on December 16, 2019 that it expects to file a pre-feasibility study in the second quarter of 2020 (the "PFS") which will adjust the scope and design of the Valentine Gold Project and present a simpler mine plan based on a single stream of ore feeding a conventional mill with no heap leach and (iii) announced an updated Mineral Resource Estimate for the Valentine Gold Project on January 20, 2020 (the "2020 Mineral Resource Estimate"). A brief summary of these developments is included in this MD&A.

CAUTIONARY NOTE TO U.S. INVESTORS

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ materially from the requirements of United States securities laws applicable to U.S. companies. Information concerning our mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of the United States Securities and Exchange Commission (the "SEC") set forth in Industry Guide 7. In accordance with NI 43-101, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in accordance with CIM standards. While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by NI 43-101, the SEC does not recognize them. You are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic viability. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, you are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of measured mineral resources or indicated mineral resources will ever be upgraded into mineral reserves.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective in February 2019 (the "SEC Modernization Rules") with compliance required for the first fiscal year beginning on or after January 1, 2021. While not applicable to Marathon, the SEC Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules.

OVERVIEW OF MARATHON

Marathon is focused on the acquisition, exploration and development of precious metals properties located in North America. The Company is currently advancing the Valentine Gold Project and announced an updated Mineral Resource Estimate in January 2020. A PFS and permitting initiatives remain ongoing, with the objective of ultimately moving the Valentine Gold Project through construction and into operation. Marathon has recently enhanced its management team and increased its treasury in order to position the Company to execute on these development activities.

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 Valentine Gold 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 the Sprite Corridor, representing the approximately 6-kilometre area between the Marathon and Leprechaun Deposits; the Berry Zone, 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.

The Company is a reporting issuer in all provinces of Canada except Quebec and files disclosure documents with all applicable provincial securities regulatory authorities in Canada.

SUMMARY OF FINANCIAL RESULTS

(Stated in thousands of Canadian dollars)	Three Months Ended December 31,		For the Years Ended December 31,	
	2019	2018	2019	2018
EXPENSES				
General and administrative expense	$ 1,766	$ 364	$ 3,845	$ 2,349
Exploration expense	1	1	24	23
Finance (income) / expense, net	(158)	(11)	(183)	34
Other expense / (income)	830	(25)	736	(59)
Loss before tax	**2,439**	**329**	**4,422**	**2,347**
Deferred income tax expense	255	409	271	500
Net Loss	**$ 2,694**	**$ 738**	**$ 4,693**	**$ 2,847**
Capital expenditures	**$ 4,888**	**$ 2,286**	**$ 15,721**	**$ 11,614**

Three months ended December 31, 2019:

- **General and administrative expense** increased from $364 to $1,766. The principal components of this increase are set out below:
  - **Salaries and wages** increased from $164 to $637 in the quarter, reflecting a performance bonus of $192 incurred with respect to the year ended December 31, 2019 and higher overall compensation costs as a result of the changes made to the Company's management team in the second half of 2019.
  - **Share-based compensation** increased from $Nil to $739. The 2019 quarterly expense reflects the award of a total of 425,000 options with immediate vesting related to new management team hires in the quarter and expenses related to the award of an additional 1,575,000 options awarded in the second half of 2019 with graded vesting. No options were issued in the fourth quarter of 2018.
  - **Professional fees** increased from $79 to $132 as a result of increased legal costs incurred with respect to new management hires, the negotiation of a lease for new office space, and the development of a comprehensive executive compensation plan.

- **Investor relations fees** increased from $38 to $116, reflecting increased engagement with shareholders following the changes to the management team.

- **Finance income** increased from $11 to $158 primarily as a result of an increase in interest income from $nil to $147, as Marathon invested surplus cash arising from the September 2019 private placement in interest-bearing deposits.

- **Other expense / (income)** increased from income of $25 to expense of $830. The principal components of this increase are set out below:

  - **Termination payments** incurred with respect to the management changes described in this MD&A amounted to $880, with no comparative expense in 2018. Offset partially by;

  - **Royalty income** increased from $26 to $50, 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.

- **Capital expenditures** increased from $2,286 to $4,888, with the increase reflecting the completion of Marathon's 2019 drilling program, work associated with completion of the updated mineral resource and ongoing spending on the PFS.

Year ended December 31, 2019:

- **General and administrative expense** increased from $2,349 to $3,845. The principal components of this increase are set out below:

  - **Salaries and wages** increased from $663 to $1,303. This increase is primarily driven by a total expense of $324 in respect of performance bonuses incurred in 2019 with respect to the 2017, 2018 and 2019 fiscal years. In addition, there was an increase in salaries and wages related to the transition period and additional headcount resulting from the changes made to the Company's management team in the second half of 2019.

  - **Professional fees** increased from $167 to $566, reflecting costs for an executive search firm and other associated expenses incurred in connection with implementing Marathon's CEO succession program, the completion of a benchmarking study for non-executive director compensation, and the development of a comprehensive executive compensation plan.

  - **Share-based compensation** increased from $767 to $1,202. In 2019, Marathon awarded a total of 4,475,000 options (2018 – 2,774,000) at a weighted average fair value of $0.52 per option (2018 - $0.48).

- **Finance (income) / expense** increased from expense of $34 to income of $183 primarily as a result of an increase in interest income from $nil to $304 as Marathon invested surplus cash arising from the sale of the FNV NSR and the September 2019 private placement in interest bearing deposits. This was partially offset as a portion of the share issue costs incurred in connection with the September 2019 private placement were attributed to the Flow-through share tax liability and expensed.

- **Other expense / (income)** increased from income of $59 to expense of $736. This increase was driven by the following:

  - **Termination payments** incurred with respect to the management changes described in this MD&A amounted to $880, with no comparative expense in 2018. Offset partially by;

  - **Royalty income** increased from $59 to $144. This increase reflects 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. In addition, in the comparable 2018 period, the first $44 in royalty payments received in the year 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.

- **Capital expenditures** increased from $11,614 to $15,721. This reflected the completion of Marathon's 2019 infill drilling program in support of the mineral resource update, progress toward completion of the PFS, and ongoing work toward the completion of an Environmental Impact Statement (“EIS”) with respect to the Valentine Gold Project.

CORPORATE DEVELOPMENTS

Novel Coronavirus (“COVID-19”)

Consistent with other businesses globally, the Company’s business could be significantly adversely affected by the effects of the widespread global outbreak of COVID-19. On March 13, 2020, Marathon announced that the Corporation elected to close the Valentine Gold Project camp for the annual spring break-up and maintenance period earlier than is typical based on historical weather patterns. The Valentine Gold Project is considered to be a remote work environment, and this decision was made with the well-being of our employees and contractors in mind, given the recent COVID-19 developments. At the same time, Marathon’s corporate office was also closed with staff and executives working remotely until further notice.

While the Company continues to advance its Pre-Feasibility Study and work related to the Environmental Assessment, the timelines for future studies, permitting and exploration could be impacted depending on both the continued duration and severity of COVID-19. Beyond the potential impact to various schedules, the economic impact of COVID-19 could affect the company's ability to access capital markets and secure sufficient financing to move the project forward on previously planned timelines.

Financing and liquidity

On September 30, 2019 Marathon closed a bought deal private placement for aggregate gross proceeds of $25,299 and net proceeds of $23,984 consisting 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 share 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 exercisable at a price of $1.60 per share and expiring on September 30, 2021.

Sale of Net Smelter Returns Royalty to Franco Nevada Corp.

On February 21, 2019 Marathon completed the sale of the FNV NSR to Franco Nevada Corp. for gross proceeds of $18,000 and net proceeds of $17,979. The FNV NSR applies to sales of precious and base metals and minerals from all the claims which comprise the Valentine Gold Project. A number of factors made the FNV NSR desirable, including:

- The transaction represented the first investment in the Valentine Gold Project by a well-regarded corporate mining-industry investor.
- The FNV NSR was viewed as representing 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 0.5% of the FNV NSR at a cost of US $7,000,000, reducing the outstanding royalty to 1.5%, prior to December 31, 2022 gives Marathon the ability to reduce the royalty prior to a production decision.

Infill drilling program

Marathon’s 2019 infill drilling program commenced in January 2019 and 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 each deposit.

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. The results of this drilling were incorporated into an updated mineral resource estimate for the Valentine Gold Project, which was announced on January 20, 2020. For additional details regarding the infill drilling program, see the "Exploration and Development Activity" section below.

Updated Mineral Resource Estimate

The January 2020 updated Mineral Resource Estimate was authored by John T. Boyd Company utilizing Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves (2014). Peer review and risk analysis was completed by RPA Inc., who determined that the new resource models as presented for both the Leprechaun and Marathon Deposits are reasonable overall.

Highlights were as follows:

(i) total Measured Mineral Resources of 31.69 million tonnes at an average grade of 1.86 g/t, representing 1.90 million ounces of gold.

(ii) total Indicated Mineral Resources of 23.17 million tonnes at an average grade of 1.60 g/t, representing 1.19 million ounces of gold; and

(iii) total Inferred Mineral Resources of 16.77 million tonnes at an average grade of 1.78 g/t, representing 0.96 million ounces of gold.

The reported results of this mineral resource update reflected the results of the 2019 infill drilling program; refinements to the geological models and mineralized domains; and more restrictive capping of the impact of high-grade assays on the resource, resulting in the best constrained resource estimate since inception, particularly with respect to the definition of in-pit, high-grade material. For additional details regarding the mineral resource estimate, see the "Summary of Mineral Resources" section below.

Pre-Feasibility Study

In September 2019 Marathon appointed Ausenco Engineering Canada ("Ausenco") as the Lead Consultant for the PFS. Moose Mountain Technical Services are acting as Mining Consultant, Golder Associates Ltd. as Tailings Consultant, Stantec Consulting Ltd. as Environmental Consultant and Terrane Geoscience Inc. as Geotechnical Consultant. Ausenco's initial activity was focused on the completion of trade-off studies with respect to the Valentine Gold Project's optimum scope and design, with an emphasis on rate of return and initial capital cost. The 2018 Valentine Lake Technical Report outlined a mine plan with a combined 3 Mt/year mill and 3 Mt/year heap leach pad for mineral processing. The most significant outcome from the trade-off studies conducted was the decision to simplify the mine plan utilized in the PFS by removing the heap leach component, thus employing a single stream of material feeding a conventional mill. The rationale for this change included the potential to lower pre-production capital costs, to improve the project's rate of return, and to reduce its environmental footprint. Marathon is also evaluating the opportunity to initiate production utilizing a smaller capacity mill, exploiting the project's higher-grade near surface ore, followed by mill expansion to provide for higher longer-term throughput. On a relative basis, this approach is expected to lower pre-production capital costs, improve the project's rate of return and reduce its environmental footprint, all while retaining a strong gold production profile.

The PFS remains on schedule with work ongoing at December 31, 2019 and is expected to be completed in the second quarter of 2020.

Environment and Stakeholder Engagement

Marathon filed an Environmental Assessment ("EA") Registration/Project Description with the Newfoundland and federal regulators 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 Valentine Gold Project in the form of an 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. EIS guidelines have been issued by both levels of government, federally in June of 2019, provincially in January of 2020. Work on the EIS is continuing at the date of this MD&A, and Marathon expects to file the EIS in the third quarter of 2020.

Marathon commenced formal stakeholder engagement with impacted local communities and first nations groups in March 2019. Since this time, Marathon has conducted a series of community meetings and technical review sessions with the communities of Buchans, Buchans Junction, Millertown, Grand Falls-Windsor, Badger and Bishop's Falls, with the Qalipu and Maiwpukek (Conne River) First Nations, and with other interested governmental and non-governmental stakeholder groups. Additional stakeholder engagement and consultation activities are ongoing. For additional details regarding environment and stakeholder engagement activities in 2019, see the "Environment and Stakeholder Engagement" section below.

Management Changes

Through 2019 and early 2020 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 implemented to the date of this MD&A 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 James Powell as Director of Environment and Stakeholder Engagement in January 2019;
- The appointment of Marco Galego as Controller and Treasurer in January 2020; and
- The appointments of Mary Hatherly as Manager, Stakeholder Engagement, Tara Oak as Manager, Environmental Assessment, and Jessica Borysenko as Manager, GIS.

SUMMARY OF MINERAL RESOURCES

An updated mineral resource estimate incorporating the results of the 2019 infill drilling program (see "Exploration and Development Activity" section below) on the Leprechaun and Marathon deposits was completed by John T. Boyd Company in January 2020 and is the most current mineral resource estimate associated with the Valentine Gold Project. As part of the resource estimation process, a peer review and risk analysis was completed by RPA Inc., who concluded that the new resource models as presented for both the Leprechaun and Marathon deposits are reasonable overall.

The summary table below sets out the combined current measured and indicated mineral resource estimates for the Leprechaun, Marathon, Sprite, and Victory Deposits at the Valentine Gold Project, as set forth in Marathon's news release dated January 20, 2020, titled "Marathon Gold Reports Positive Mineral Resource Update for the Valentine Gold Project".

Material/ Category	Open Pit			Underground			Total		
	Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold
	('000 MT)	(g/t)	('000 oz)	('000 MT)	(g/t)	('000 oz)	('000 MT)	(g/t)	('000 oz)
High Grade – All Deposits									
Measured	18,050	2.79	1,620	590	4.40	80	18,640	2.84	1,700
Indicated	12,580	1.92	960	710	3.70	80	13,290	2.45	1,050
M+I	**30,630**	**2.62**	**2,580**	**1,300**	**4.02**	**170**	**31,930**	**2.68**	**2,750**
Inferred	7,670	2.31	570	2,280	3.90	290	9,950	2.68	860
Low Grade – All Deposits									
Measured	13,050	0.47	200	-	-	-	13,050	0.47	200
Indicated	9,880	0.46	150	-	-	-	9,880	0.46	150
M+I	**22,920**	**0.47**	**340**	**-**	**-**	**-**	**22,920**	**0.47**	**340**
Inferred	6,810	0.46	100	-	-	-	6,810	0.46	100
Total – All Deposits									
Measured	31,100	1.81	1,810	590	4.40	80	31,690	1.86	1,890
Indicated	22,460	1.54	1,110	710	3.70	80	23,170	1.60	1,190
M+I	53,560	1.70	2,920	1,300	4.02	170	54,850	1.75	3,090
Inferred	14,480	1.44	670	2,280	3.90	290	16,770	1.78	960

Notes to the Mineral Resources:

The January 2020 Valentine Gold Project Mineral Resource Estimate is based on a total database of over 270,000 metres drilled and 190,000 assays, approximately 25% of which have been processed by metallic screen. In-pit Mineral Resources have been determined by the Whittle method based on an estimate of their reasonable prospects for economic extraction, using certain assumptions for gold recovery, costs for mining, processing and sale, and a US$1,300/oz gold price. All in-pit Mineral Resources apply a bottom cut-off grade of 0.30 g/t Au. Additional underground Mineral Resources are defined as material outside of the Whittle pit shell at a bottom cut-off of 1.663 g/t Au. The reader is reminded that 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 including risks set forth in 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.

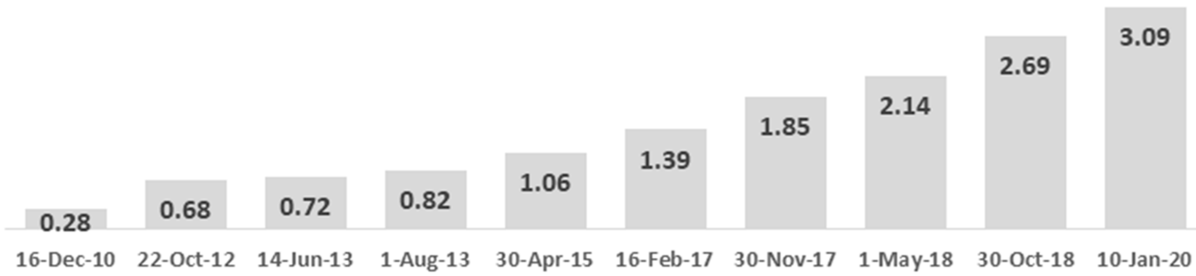
Mineral Resources above a cut-off grade of 0.7 g/t Au are characterized as "High-Grade" to be processed as priority mill-feed in the PFS mine plan. Mineral Resources between cut-off grades of 0.3 g/t Au and 0.7 g/t Au are characterized as "Low-Grade" for stockpiling and potential processing later in the mine life. All Mineral Resources have been estimated assuming a mill recovery formula of 85.5% at the bottom cut-off up to 97% at 3.5 g/t Au.

The Mineral Resources presented were estimated using a block model with a block size of 6m by 6m by 6m sub-blocked to a minimum block size of 2m by 2m by 2m using ID^3 methods for grade estimation. Geological models were developed for each deposit and used to define several distinct mineralized domains. Search ellipsoids were determined for each domain by variography and oriented such as to be consistent with the shallowly dipping, stacked en-echelon Quartz-Tourmaline-Pyrite-Gold vein sets that are the dominant source of gold mineralization at the Project. Measured Resources were classified on the first pass of the estimation based on a maximum of 6 composites and a minimum of 4 within 15m of the nearest neighbor (1.5 times average section spacing). Indicated Mineral Resources were classified on pass 1 or 2 of the estimation based on a maximum of 6 composites and a minimum of 3 within 25m of the nearest neighbor (2.5 times average section spacing). Inferred Mineral Resources were classified on pass 1, 2 or 3 of the estimation based on a maximum of 6 composites and a minimum of 2 within the full ellipsoid search area.

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 January 20, 2020. These resources reflect the results of drilling on the property to the end of the 2019 infill drilling program.[1] In addition, over the same ten-year period, the inferred resource grew from 284,000 ounces of gold to 960,000 ounces of gold.



Note:

1. Historical Disclosure of Mineral Resources at the Valentine Gold Project: (i) Technical Report Dated December 2010: Measured Mineral Resources of 2.1 Mt at 2.77 g/t Au for 0.19 Moz Au; Indicated Mineral Resources of 1.2 Mt at 2.36 g/t Au for 0.09 Moz Au; Inferred Mineral Resources of 4.4 Mt at 2.01 g/t Au for 0.28 Moz Au. (ii) Technical Report Dated October 2012: Measured Mineral Resources of 3.0 Mt at 2.30 g/t Au for 0.22 Moz Au; Indicated Mineral Resources of 6.5 Mt at 2.19 g/t Au for 0.46 Moz Au; Inferred Mineral Resources of 2.0 Mt at 2.30 g/t Au for 0.14 Moz Au. (iii) Technical Report Dated June 2013 Valentine Hill East: Indicated Mineral Resources of 0.8 Mt at 1.67 g/t Au for 0.04 Moz Au; Inferred Mineral Resources of 0.20 Mt at 1.47 g/t Au for 0.09 Moz Au. (iv) Technical Report Dated August 2013 Leprechaun Deposit: Measured Mineral Resources of 3.6 Mt at 2.26 g/t Au for 0.26 Moz Au; Indicated Mineral Resources of 7.0 Mt at 2.29 g/t Au for 0.51 Moz Au; Inferred Mineral Resources of 1.56 Mt at 2.79 g/t Au for 0.14 Moz Au. Valentine Hill East: Indicated Mineral Resources of 0.8 Mt at 1.67 g/t Au for 0.04 Moz Au; Inferred Mineral Resources of 0.2 Mt at 1.47 g/t Au for 0.09 Moz Au. (v) Technical Report Dated April 2015: Measured Mineral Resources of 3.6 Mt at 2.26 g/t Au for 0.26 Moz Au; Indicated Mineral Resources of 11.4 Mt at 2.18 g/t Au for 0.80 Moz Au; Inferred Mineral Resources of 2.2 Mt at 2.85 g/t Au for 0.20 Moz Au. (vi) Technical Report Dated February 2017: Measured Mineral Resources of 5.3 Mt at 1.97 g/t Au for 0.34 Moz; Indicated Mineral Resources of 17.3 Mt at 1.90 g/t Au for 1.05 Moz Au; Inferred Mineral Resources of 10.7 Mt at 2.24 g/t Au for 0.77 Moz Au. (vii) Technical Report Dated November 2017: Measured Mineral Resources of 13.5 Mt at 2.14 g/t Au for 0.93 Moz Au; Indicated Mineral Resources of 17.0 Mt at 1.68 g/t Au for 0.92 Moz Au; Inferred Mineral Resources of 19.0 Mt at 1.65 g/t Au for 1.01 Moz Au. (viii) Technical Report Dated May 2018: Measured Mineral Resources of 13.9 Mt at 2.25 g/t Au for 1.00 Moz Au; Indicated Mineral Resources of 19.5 Mt at 1.81 g/t Au for 1.13 Moz Au; Inferred Mineral Resources of 17.3 Mt at 1.99 g/t Au for 1.10 Moz Au. (viv) Technical Report Dated October 2018: Measured Mineral Resources of 16.6 Mt at 2.18 g/t Au for 1.17 Moz Au; Indicated Mineral Resources of 28.5 Mt at 1.66 g/t Au for 1.53 Moz Au; Inferred Mineral Resources 26.9 Mt at 1.77 g/t Au for 1.53 Moz Au.

2019 Drilling Program

Marathon's focus throughout the year was on its infill drilling program, which was completed in October 2019 with a total of 209 drill holes totaling 58,298 metres of drilling - 140 holes at the Marathon deposit covering 37,787 metres, and an additional 69 holes at the Leprechaun deposit covering 20,511 metres. See "Corporate Developments – Infill Drilling Program".

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 Valentine Gold Project and upgrade the Valentine Gold Project's Mineral Resources.

In November 2019 Marathon completed a 7,000 metre exploration drill program over a 3 kilometre strike length of the 6 kilometre long "Sprite Corridor" between the Leprechaun and Marathon Deposits. The drilling confirmed the presence of stacked, en-echelon quartz-tourmaline-pyrite-Au ("QTP-Au") veining in a "Main Zone" type setting adjacent to the Valentine Lake Shear Zone. Drill highlights included VL-19-786 with 7.60 g/t Au over 22.0 metres, and VL-19-769 with multiple intersections of 1.63 g/t Au over 16.0 metres, 2.04 g/t Au over 9.0 metres, 4.33 g/t Au over 9.0 metres, 7.53 g/t Au over 5.0 metres, and 2.30 g/t Au over 15.0 metres (uncut gold assays in core lengths). As a result of this drilling, the area of "Section 13410E", subsequently designated the "Berry Zone", was highlighted for follow up work in 2020.

METALLURGY

Metallurgical test work was completed in 2019 on samples from both the Marathon and Leprechaun deposits. The test program included chemical head analysis, comminution, metallurgical (gold recovery) and tailing detoxification testing. Test work focused on examining the potential for gold extraction, primarily by applying a grind, gravity separation, flotation, concentrate regrind and cyanide leaching of both the reground flotation concentrate and the flotation tailing flowsheet. Limited comparative work was completed on a fine grind, gravity separation and gravity tailing leach option. The potential for gold recovery from relatively low-grade samples was also examined.

Ore characterization included chemical head analysis on material from five sub zones representing each of the Marathon and Leprechaun deposits. The same sub zones were subjected to comminution testing, including bond rod mill work index (RWi), ball mill work index (BWi) and abrasion index (Ai) tests as well as CEET crusher index and SAG Power Index (SPI). QEMSCAN-RMS analysis was conducted on equally weighted composites of both deposits to determine mineralogy.

The average Marathon deposit sample gold grade was 3.23 g/t compared to 3.41 g/t for Leprechaun. Grades varied from ~2.0 to ~4.1 g/t Au for Marathon and from ~2.6 to ~5.2 g/t Au in the Leprechaun sub-composites.

Gold recovery test work extensively examined numerous typical parameters within the three primary unit operations; gravity separation, flotation and cyanide leaching. Individual and composite samples evaluated represented zones and subzones within the two deposits, Marathon and Leprechaun, the individual deposits as separate entities, combinations of composites, and specific low-grade material within both deposits. The Marathon and Leprechaun deposit composites showed similar gold recoveries/extractions of >96%. The average recoverability of the low-grade (<1.0 g/t Au) composites was essentially the same (>96%) as the higher-grade material (head grade ~3.3 g/t Au).

Cyanide detoxification test work completed on the Marathon and Leprechaun tailings samples did not result in any tailing detoxification issues.

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. James Powell increased the capacity of the Environment Team further with the addition of Mary Hatherly as Manager of Stakeholder Engagement (October 2019), and Tara Oak as Manager of Environmental Assessment (December 2019), who bring significant experience in community and Indigenous engagement, and environmental planning and permitting, respectively. The team capacity and effectiveness has been further improved through the engagement of communications consultant, Jodi Hackett in late 2019.

On April 5, 2019 Marathon submitted the Environmental Assessment Registration/Project Description to the Canadian Environmental Assessment Agency (“the Agency”) and the Newfoundland and Labrador Department of Municipal Affairs and Environment (“NLDMAE”), the agencies regulating the environmental assessment of the project at the federal and provincial levels respectively.

Following a period of public consultation and review of the document by federal and provincial regulators, Marathon was advised in early June 2019 that it would be required to prepare an Environmental Impact Statement (“EIS”). This outcome was in line with Marathon’s expectations and industry norms for the scale of the project. The Agency published finalized guidelines for the EIS in July 2019. The NLDMAE published finalized guidelines in January 2020.

Marathon continues environmental baseline work in support of known and anticipated EIS requirements and is consulting with both provincial and federal regulators on specific aspects of the guidelines. The regulatory consultation process will continue until finalization of the EIS, which is expected in Q3 2020, and through the project permitting phase.

In March 2019 Marathon began the formal process of stakeholder engagement, meeting with the three largest communities closest to the project – Buchans, Millertown, and Grand Falls-Windsor - to brief local residents, governments, and other interested parties on management’s development plans for the project and to answer questions concerning the potential impacts of the project on these communities.

Marathon has followed up on these initial efforts through meetings with communities councils and local businesses in the fall of 2019. Marathon met with potential suppliers and contractors to discuss future contracting needs on October 28 (Grand Falls-Windsor) and Deer Lake (October 30). In December 2019, Marathon met with the Mayors and Town Councils of Bishop’s Falls, Badger, Millertown and Buchans to provide a Project update, including the ongoing environmental assessment process, and to discuss planned future engagement activities.

The various community meetings and presentations which have taken place have been well received and all communities have expressed strong support for the Valentine Gold Project. Marathon and the Towns agreed to hold a series of public information sessions and open houses commencing in early 2020.

Meetings with environmental groups (NGOs) and other potentially affected stakeholders (eg. outfitters) have been conducted in 2019 and will continue in 2020. Marathon is meeting with these groups to engage in open discussion regarding the concerns presented by these groups. The meetings to date have been well received and the reaction to this engagement and incorporation of concerns into the project planning has been generally positive.

An important aspect of Marathon's engagement strategy is the interaction with the two Indigenous groups – Miawpukek First Nation and Qalipu Mi'kmaq First Nation - whose traditional land use and activities may be impacted by the project. Marathon has had several meetings and communications with both First Nations groups in 2019 in order for Marathon to provide company and project information, to receive feedback from the groups regarding the proposed project, and to discuss potential socio-economic opportunities and further engagement activities.

In December 2019, Marathon held a Project Review Workshop with representatives of Miawpukek and Qalipu First Nations. The Workshop provided members of both First Nations with the opportunity to review and discuss the current, early project plans and designs and to offer feedback on aspects of the proposed project. The input provided to Marathon during and after the meeting, together with the comments of other stakeholders and regulators, was taken into consideration in the development of revisions to the site development plan to be incorporated into the PFS.

This process of engagement and consultation with all stakeholders, including provincial and federal government agencies, Indigenous groups, affected community, and environmental groups will continue throughout the EIS and permitting processes and throughout the life of the project.

SUMMARIZED QUARTERLY FINANCIAL 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.

(Stated in thousands of CDN dollars except per share data)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Statement of Operations								
General and administrative expense	1,766	734	762	583	364	1,123	378	484
Exploration expense	1	23	—	—	1	22	—	—
Finance (income) / expense, net	(158)	78	(69)	(34)	(11)	41	10	(6)
Other expense / (income)	830	(40)	(28)	(26)	(25)	(16)	(18)	—
Loss before tax	**2,439**	**795**	**665**	**523**	**329**	**1,170**	**370**	**478**
Deferred income tax expense / (recovery)	255	(177)	88	105	409	226	176	(311)
Net Loss	**2,694**	**618**	**753**	**628**	**738**	**1,396**	**546**	**167**
Loss per Share								
Basic and diluted	0.016	0.004	0.004	0.004	0.005	0.009	0.004	0.001
Balance Sheet								
Cash and cash equivalents	27,963	33,979	15,834	19,431	3,662	5,905	3,240	4,136
Mineral exploration and evaluation assets	84,734	80,175	74,872	70,520	85,778	83,635	74,490	77,563
Total assets	**113,760**	**115,157**	**91,333**	**90,437**	**89,803**	**90,192**	**83,131**	**82,409**

Notes:

1. The increase in 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 general and administrative expenses in the fourth quarter of 2019 relate to an increase in salary and wages, resulting from higher overall compensation costs as a result of the changes made to the Company's management in

the second half of 2019 and the 2019 bonus awarded, and higher share based compensation related to the issuance of stock options with graded vesting to new management in the second half of 2019.

2. 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.
3. The increase in Marathon's reported other expense / (income) in the fourth quarter of 2018 relates to termination costs resulting from the Company's change in management.
4. The increase in Marathon's reported cash balances at March 31, 2019 and September 30, 2019 reflect the sale of the FNVNSR and the completion of the $25.3 million financing discussed in the "Corporate Developments" section above.

LIQUIDITY AND FINANCIAL CONDITION

Cash and cash equivalents at December 31, 2019 was $27,963 compared with $3,662 at year-end 2018.

Marathon funded its operations in the year ended December 31, 2019 and subsequently to the date of this MD&A through the use of its existing cash reserves at December 31, 2018; the sale of the FNV NSR, which raised net cash proceeds of $17,979; the net proceeds from a private placement of common share units and flow-through share units, which raised net cash proceeds of $23,985; and additional proceeds of $951 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 commence a Pre-Feasibility Study for the Project. In addition, the September 2019 equity financing provided the Company with additional financial resources to complete the Pre-Feasibility Study, conduct ongoing environmental assessment and community engagement including an EIS, commence work on a definitive feasibility study on the Valentine Gold Project, and fund an C$8.9 million 2020 exploration program on the Company's 240 km² land package at the Project.

OUTLOOK FOR 2020

Valentine Gold Project

The majority of Marathon's activity with respect to the Valentine Gold Project for 2020 is in support of the completion of the PFS, the completion and submission of the EIS, and a focused exploration program targeted toward areas of the Valentine Gold Project that have seen limited historical drilling activity.

As further detailed in the "Summary of Mineral Resources" section of this MD&A, Marathon completed an updated mineral resource estimate for the property incorporating the results of the Company's extensive infill drilling program completed in the third quarter of 2019, which was communicated in a news release dated January 20, 2020.

Marathon's plan for the remainder of 2020 includes:

- Completion of the PFS, which is on track for completion in the second quarter of 2020.
- The completion of an exploration drilling program consisting of a total of 44,000 metres of drilling, focused on continued resource growth in areas of the property which have exhibited high potential in previous drilling, surface trenching or prospecting but have not been subjected to extensive drilling to date. These are:
    - A program of up to 32,000 metres at the Sprite Corridor, a broad area of approximately 6 kilometres between the Marathon and Leprechaun deposits with previously identified quartz-tourmaline-pyrite (QTP) gold veining. This area includes the newly designated Berry Zone, exhibiting "Main Zone" type stacked QTP-Au veining.
    - A further 12,000 meters of reconnaissance drilling in two areas located south of the Valentine Lake Shear Zone, following up on geochemical anomalies and surface occurrences of QTP gold veining.

This will be the first drilling program focused on testing the potential for sedimentary rocks on the footwall side of the Valentine Lake Shear Zone to host economic gold mineralization.

- A program of prospecting and trenching with the potential for additional drilling at four areas where previous trenching has exposed occurrences of QTP gold veining. This work will be focused on the Triangle Pond and Narrows areas, located to the northeast of the Marathon deposit; the Victory SW area adjacent to the Victory deposit; and the Rainbow area located at the southwest end of the Sprite Corridor.
- Completion and filing of the EIS, which is expected in the third quarter of 2020.
- Completion of additional environmental baseline work in support of environmental assessment, permitting, and engineering design activities.
- Commencement of work on a definitive feasibility study.
- Ongoing stakeholder engagement and consultation activity.

2020 Drilling Program

As described above, Marathon expects to complete an exploration drilling program consisting of a total of 44,000 metres of drilling, focused on continued resource growth in areas of the property which have exhibited high potential in previous drilling, surface trenching or prospecting but have not been subjected to extensive drilling to date.

Initial drill results from the 2020 exploration drilling program, specifically from the planned 32,000 metre drill program within the 6-kilometre long “Sprite Corridor”, confirm the emergence of a developing “Main Zone” type sequence of mineralization in an important new area now named the “Berry Zone”. Highlights from the eight drill holes covering a 200-metre strike length of QTP gold veining were announced on March 2, 2020 in the Company’s news release titled “Marathon Gold Reports Positive Results from 2020 Sprite Corridor Drilling at the Valentine Gold Project” and include:

- **VL-20-799** intersected 2.24 g/t Au over 55.0 metres, including 15.17 g/t Au over 3.0 metres, and 1.57 g/t Au over 15.0 metres, including 5.87 g/t Au over 2.0 metres;
- **VL-20-801** intersected 3.92 g/t Au over 8.0 metres, including 9.63 g/t Au over 2.0 metres, and 1.54 g/t Au over 9.0 metres, including 3.66 g/t Au over 2.0 metres;
- **VL-20-797** intersected 3.02 g/t Au over 8.0 metres, including 6.80 g/t Au over 2.0 metres;
- **VL-20-800** intersected 3.02g/t Au over 5.0 metres.

TABLE OF CONTRACTUAL OBLIGATIONS

As at December 31, 2019, the Company is committed to the following:

(Stated in thousands of Canadian dollars)	Less than 1 Year	1 to 3 years	4 to 5 years	More than 5 Years	Total
Trade payable and accrued liabilities	$ 1,838	$ —	$ —	$ —	$ 1,838
Lease liability	41	—	—	—	41
Flow-through share tax liability	2,873	—	—	—	2,873
Deferred share unit liability	425	—	—	—	425
Total	**$ 5,177**	**$ —**	**$ —**	**$ —**	**$ 5,177**

RELATED PARTY TRANSACTIONS

There were no related party transactions for the years ended December 31, 2019 and 2018 other than compensation of key management personnel, which is presented in Note 16 of the audited consolidated financial statements for the year ended December 31, 2019. Key management personnel are defined as members of the Board of Directors and certain senior officers. Compensation of key management personnel are made on terms equivalent to those prevailing in an arm's length transaction.

OPTIONS AND EQUITY LINKED COMPENSATION PLANS

In the year ended December 31, 2019, 2,529,500 options were exercised for proceeds of $951 and Marathon awarded a total of 4,475,000 options at a weighted average exercise price of $1.24 per share. Subsequent to the 2019 year end, 17,000 options were exercised for proceeds of $18, and 2,000 options expired.

Of the 2,546,500 shares issued pursuant to the exercise of stock options from January 1, 2019 to the date of this MD&A, a total of 2,140,500 shares were held by the respective optionees subsequent to exercise and have not been sold to the date of this MD&A.

Marathon adopted a cash-settled Deferred Share Unit ("DSU") Plan on October 10, 2019. Pursuant to the DSU Plan, the number of DSUs to be issued is determined by dividing the amount of the award by the volume-weighted average trading price of a Common Share (as reported by the TSX) for the 5 trading days immediately preceding the date the DSUs are awarded. The vesting schedule of the DSUs is determined at the discretion of the Compensation Committee, but generally the DSUs vest on December 31 of the year in which the DSU was granted. DSUs will be settled in cash and the value thereof payable upon the director's termination of service.

During the year ended December 31, 2019, the Company awarded a total of 250,000 DSUs with a grant date fair value of $400. These DSUs vested on December 31, 2019, and the Company's liability with respect to these instruments was revalued based on the fair value of the Company's common shares on December 31, 2019, such that the total compensation expense related to this award amounted to $425. At December 31, 2019, there was no unrecognized compensation expense related to DSUs granted under the Company's DSU Plan.

FINANCIAL INSTRUMENTS

(Stated in Canadian dollars)		Fair value at December 31, 2019	Basis of measurement	Associated risks
Cash and cash equivalents	$	27,963	Amortized cost	Interest/Credit
Amounts receivable		565	Amortized cost	Credit
Trade and other payables		1,838	Amortized cost	Interest
Lease liability		41	Amortized cost	Interest
Deferred share unit liability		425	Fair value through profit and loss	Market price

Amortized cost - Cash and cash equivalents, amounts receivable, trade and other payables and the lease liability approximate their carrying values as the interest rates are comparable to current market rates.

Fair value through profit and loss – The fair value of the deferred share unit liability is estimated using the share price of the Company's common shares at each period end. The Company's deferred share unit liability was revalued based on the fair value of the Company's common shares at December 31, 2019, such that the total compensation expense amounted to $425.

The interest rate and credit risk associated with Marathon's cash and cash equivalents is mitigated as cash balances are held only at Canadian banks and invested in GICs with 30-day terms.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As of March 26, 2020, there were 179,113,202 common shares of the Company issued and outstanding, 13,310,000 stock options outstanding and 8,495,000 warrants outstanding.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The critical accounting judgments, estimates and assumptions are disclosed in Note 3 and 4 of the audited consolidated financial statements for the year ended December 31, 2019.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16

On January 1, 2019, the Company adopted the requirements of IFRS 16 - *Leases* ("IFRS 16"). As a result, the Company updated its accounting policy for leases to align with the requirements of IFRS 16. The Company elected to use the modified retrospective approach, as permitted under the specific transition provisions in the standard, to initially adopt IFRS 16.

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 with respect to the above noted lease, 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 statement of operations and comprehensive loss 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, which is classified as a current liability. As at December 31, 2019 the lease liability was $41 (2018 - $nil), increasing due to the extension of the office lease during the year.

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 statement of operations and comprehensive loss. 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 statement of cash flows.

The change in accounting policy affected the following items in the consolidated balance sheet on January 1, 2019 as follows:

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

Until the end of 2018, payments under operating leases were charged to the consolidated statement of operations and comprehensive loss 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 the adoption of IFRS 16, only depreciation charged in respect of right-of-use assets and accretion expense on lease liabilities have been included in the consolidated statement of operations and comprehensive loss and therefore included in the calculation of loss per share. Principal portions of lease payments are not included in the consolidated statement of operations and comprehensive loss and are instead applied to reduce the lease liability in the consolidated balance sheet. There was no material impact of these changes on the measurement of Marathon's loss per share for the year ended December 30, 2019.

Short-term lease payments are not included in the measurement of lease liabilities and are not shown in the consolidated balance sheet in accordance with IFRS 16. These payments are included as part of mineral exploration and evaluation assets in the consolidated balance sheet. 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 statement of operations and comprehensive loss and the operating activities section of the consolidated statement of cash flows.

Practical expedients applied

Upon adoption of IFRS 16, Marathon considered the following practical expedients permitted by the standard:

- The use of the modified retrospective approach upon initial adoption where the cumulative effect of prior period amounts are recorded as an adjustment to the opening balance sheet through opening deficit on January 1, 2019, with no adjustment to the 2018 comparative period.
- 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.

IFRIC 23

IFRIC 23 - *Uncertainty over income tax treatments* clarifies how the recognition and measurement requirements of IAS 12 - Income Taxes, are applied where there is uncertainty over income tax treatments effective for years beginning on or after January 1, 2019. There was no accounting impact to the financial statements on adoption of this standard.

DISCLOSURES ABOUT RISKS

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 PEA on the Valentine Gold Project, the second economic study on the property, and is nearing completion of a PFS. While Marathon was successful in raising financing through the sale of the FNV NSR and the private placement discussed in this MD&A, the proceeds from which are expected to fund Marathon's operations through to completion of the PFS, 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 that is not guaranteed. Furthermore, Marathon may not be able 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 the risk factors disclosed under the heading "Risk Factors" in Marathon's Annual Information Form for the year ended December 31, 2019 and other filings made with Canadian securities regulatory authorities available at www.sedar.com.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as at December 31, 2019, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Executive Officer and Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company.
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

ADDITIONAL INFORMATION

The Company's Annual Information Form for the year ended December 31, 2019 and additional information relating to the Company is available on SEDAR at www.sedar.com.