



## Management's Discussion and Analysis of Operations and Financial Condition

Marathon Gold Corporation ("we", "us", "the Company", or "Marathon") presents below management's review of the Company's results of operations and financial condition for the three months ended March 31, 2015.

The MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three months ended March 31, 2015 and 2014, including the notes thereto. This MD&A is presented as of May 13, 2015. All figures presented in this MD&A are expressed in Canadian dollars, unless specified otherwise.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

### NOTE TO U.S. INVESTORS

All references to mineral reserves and resources contained in this MD&A are determined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") of the

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

## **1) STRATEGY**

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

### **Newfoundland**

- The 100%-owned Valentine Gold Camp in west central Newfoundland, Marathon’s flagship property and the focus of its current exploration efforts. The property includes four zones with existing mineral resources, the Leprechaun, Marathon, Sprite and Victory Deposits; three mineralized areas which have not been advanced to the point of hosting mineral resources, including the J. Frank, Rainbow and Narrows zones; and numerous untested drilling targets.
- The 100%-owned Baie Verte gold property in western Newfoundland, an early-stage exploration property acquired by staking in 2008.

### **Idaho, United States**

- The Golden Chest gold property, a historic former mine consisting of patented and unpatented mining claims covering a total of 515 hectares located near Murray, Idaho. Golden Chest is owned by Golden Chest LLC (“GCLLC”), an entity in which Marathon holds a 52.22% interest with New Jersey Mining Company (“NJMC”), the operator of the project, holding the remaining 47.78%. In December 2014, Marathon reclassified the assets and liabilities of GCLLC as held for sale and wrote down the Golden Chest property to its estimated recoverable value of \$3,323,214.

### **Oregon, United States**

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

### **British Columbia**

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

## 2) OVERVIEW

At March 31, 2015, Marathon had \$1.6 million in cash and \$1.7 million in working capital.

Marathon completed the following activities in the period ended March 31, 2015 and subsequently to the date of this MD&A:

- Metallurgical testing on a representative sample of mineralized material from the Leprechaun Deposit that resulted in a significant increase in metallurgical recoveries associated with Leprechaun.
- A winter drilling program consisting of 23 holes covering a total of 4,312 meters.
- Initial open pit and underground resource estimates for the Marathon and Sprite Deposits, and an updated open pit and underground resource estimate for the Victory Deposit. These resources incorporated the results of the 2015 winter drilling program and two additional drilling programs completed in 2014 totaling 13,498 meters and gave rise to a 30% increase in measured and indicated contained gold, with the majority of this resource growth related to the Marathon Deposit, a highly prospective area of the Valentine Gold Camp.

## 3) SUMMARY OF MINERAL RESOURCES

The tables below set out the combined current mineral resource estimates for the Leprechaun, Marathon, Sprite, and Victory Deposits at the Valentine Gold Camp and the Golden Chest Mine.

### Combined Resources – Valentine Gold Camp

Valentine Gold Camp	In Pit (0.50 g Au/t cut-off)			Underground (2.0 and 3.0 g Au/t cut-off)			Total		
	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)
<b>Total of Leprechaun, Marathon, Sprite and Victory Deposits</b>									
Measured	3,523	2.18	247,000	108	4.83	17,000	3,631	2.26	264,000
Indicated	10,440	2.00	672,000	923	4.19	124,100	11,363	2.18	796,100
<b>Measured &amp; Indicated</b>	<b>13,963</b>	<b>2.05</b>	<b>919,000</b>	<b>1,031</b>	<b>4.26</b>	<b>141,100</b>	<b>14,994</b>	<b>2.20</b>	<b>1,060,100</b>
Inferred	1,678	1.96	106,000	506	5.77	93,800	2,184	2.85	199,800

The disclosure in this table is a composite of the most recent mineral resource estimate for the Leprechaun Deposit prepared by Roscoe Postle Associates and disclosed initially in a press release dated August 1, 2013 and mineral resource estimates for the Marathon, Sprite and Victory Deposits prepared by Micon International Limited and disclosed in a press release dated April 30, 2015. Detailed information concerning the tonnages, grades, resource classifications and underlying assumptions for each of these deposits is presented in section 4.

**Mineral resource estimates for the Golden Chest Mine, prepared by Micon International Limited – excerpted from press release dated January 17, 2013:**

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

Notes:

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

## 4) EXPLORATION ACTIVITY IN THE PERIOD

### a) Valentine Lake

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

### Drilling Programs

During 2014 and 2015, Marathon carried out a total of 17,810 meters of drilling in three programs focused on four discrete areas of the Valentine Gold Camp. For clarity, this drilling is summarized below.

	<u>Victory Deposit</u>		<u>Sprite Deposit</u>		<u>Rainbow Zone</u>		<u>Marathon Deposit</u>	
	# of holes	Meters	# of holes	Meters	# of holes	Meters	# of holes	Meters
Winter 2014	10	1,120	26	3,487	-	-	-	-
Summer/Fall 2014	-	-	28	3,821	11	937	25	4,133
Winter 2015	-	-	-	-	-	-	23	4,312
	<b>10</b>	<b>1,120</b>	<b>54</b>	<b>7,308</b>	<b>11</b>	<b>937</b>	<b>48</b>	<b>8,445</b>

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### Winter 2014 Drilling

Marathon commenced work on a winter drilling program focused on the Victory and Sprite zones in early January 2014 and completed a total of 36 holes covering 4,607 meters of drilling.

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

At Sprite, drilling focused on testing targets identified by prospecting in 2013, which defined a mineralized alteration halo 1km in length and 200 meters wide. Drilling in the 26 holes completed in the Sprite Zone covered approximately 700 meters of strike length and encountered numerous wide-interval, near-surface gold intercepts with good grades.

### Spring 2014 Prospecting and Trenching

In May 2014, Marathon shifted the focus of surface work at Valentine Lake to concentrate on trenching, focused on magnetic low regions in two areas of the property without a mineral resource:

- The Sprite Zone, located approximately 1.5 km northeast of the Leprechaun Gold Deposit and 300 meters north of the Valentine Lake Thrust Fault, and
- The Rainbow Zone, located approximately 300 meters north of the northeast boundary of the Leprechaun Gold Deposit and approximately 500 meters north of the Valentine Lake Thrust Fault.

In addition, Marathon continued prospecting in the Marathon Zone, located to the northeast of the Sprite Zone.

In each exploration area, Marathon encountered occurrences of multiple stacked quartz-tourmaline-pyrite (“QTP”) veining similar to the mineralization at Leprechaun, with high grade samples obtained variously from outcrop, bedrock and trench sampling. More importantly, there was a high degree of correspondence between magnetic low regions, interpreted by SRK Consulting as being splays off the Valentine Lake Thrust Fault, and gold mineralization.

### Summer and Fall 2014 Drilling Program

Marathon resumed its drilling program in August 2014 while maintaining its trenching and prospecting programs. Channel sampling over a 1,100 meter strike length in the Sprite Zone and a 700 meter strike length in the Rainbow Zone encountered wide intervals of multiple stacked QTP-gold veins overlying magnetic low zones, and follow up drilling in both zones focused on testing the grade and continuity of mineralization below the channels. The results of initial follow-up drilling at Rainbow did not justify further work in the area. However, infill drilling at the southwestern and northeastern parts of the Sprite Zone was considered a significant exploration success, with several drill holes encountering wide near-surface intercepts with good grades. It was not practicable to complete step-out drilling from these holes during this phase of work because of thick bog overburden in the area.

Follow up drilling in this area was not undertaken in the winter drilling program in 2015 because of Marathon's focus on the Marathon Deposit.

In October, Marathon obtained permits to carry out drilling in the Marathon Zone, located 7 kilometers along strike northeast from the Leprechaun Deposit and between 100 and 200 meters from the Valentine Lake Thrust Fault. This area was discovered in 2014 as a result of prospecting and subsequent channel sampling, and had received almost no attention by previous operators. All of the gold occurrences identified in the area prior to the start of drilling had been found by the Marathon exploration team. These gold occurrences occur over a 2 kilometer strike length.

The first three holes drilled in the Marathon Zone intercepted extensive stacked QTP veins to a depth of 200 meters, proving continuity of the mineralization to depth. Higher grade sections in the intervals were present as well as smaller parallel zones. Subsequent trenching and drilling to the end of the fourth quarter indicated that the zone of mineralization was at least 200 meters long with good continuity of mineralization and up to 70 meters wide. In addition, interpretation showed that mineralization began at surface and continued to at least 200 meters in depth, moving the focus of work at the Marathon Zone quickly from exploration to resource definition.

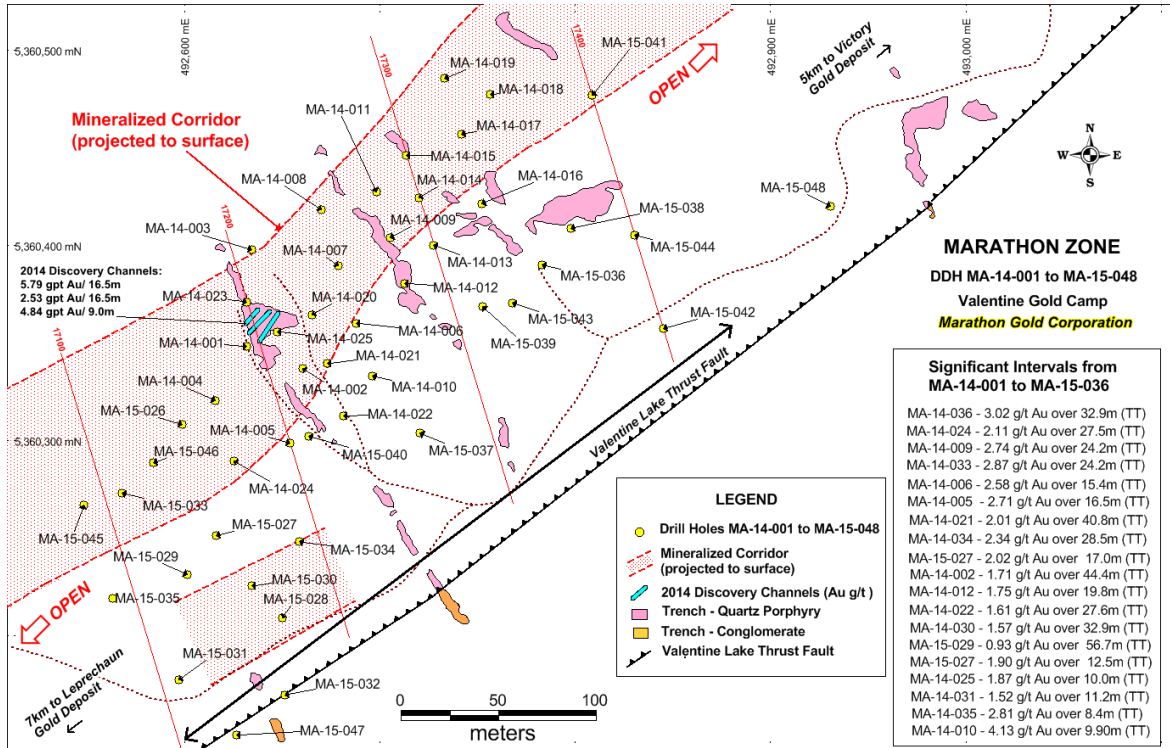
### **Winter 2015 Exploration Program**

Marathon resumed drilling at Valentine Lake in January 2015, focused exclusively on drilling in the Marathon Zone with the intention of extending the strike length of the zone in anticipation of completing an initial mineral resource. The program concluded in late March, with a total of 23 holes over 4,312 meters. In contrast to the relatively shallow holes drilled in the Sprite and Rainbow areas in the fourth quarter, which were oriented at rapid development of shallow open pit resource material, close to half of the holes at the Marathon Zone were allowed to continue to over 200 meters in length.

The winter drilling program concluded with the broad objectives set out in January having been met. Specifically, the strike length was extended to 350 meters without any significant reduction in the continuity of mineralization; the maximum width of the zone was extended to 100 meters; the deep holes served to further confirm the continuity of mineralization to depth as drilling progressed along strike; and the Marathon Zone continues to be open along strike both to the northeast and southwest and to depth. In addition, a possible parallel structure located between the southern boundary of the principal mineralized portion of the zone and the Valentine Lake Thrust Fault was discovered. Establishing the boundaries of this mineralization will be a priority for future drilling.

In addition to the drilling program, Marathon completed a test program of ground based magnetic surveying focused on the Sprite area and the Marathon Deposit. This survey was completed to improve the definition of the magnetic lows in these areas, which are potential areas of gold mineralization.

The following diagram illustrates the extent of the mineralized corridors associated with the Marathon Zone.



### Metallurgical Testwork

During the third and fourth quarters of 2014 and the first quarter of 2015, a metallurgical testwork program was carried out on a representative sample of mineralized material from the Leprechaun Gold Deposit. This work was done to develop a technically viable process for the production of doré from Leprechaun and is a necessary precursor to a preliminary economic assessment.

This testwork, which was underwritten in part by the Research and Development Corporation of Newfoundland and Labrador, concluded that direct sulphide-gold flotation followed by conventional cyanide leaching, carbon-in-pulp, and electrowinning would provide an overall recovery in the range of 92.8% to 95%. This was a significant improvement over the results of the previous round of metallurgical work undertaken in 2011.

### Mineral Resource Estimates

Marathon engaged Micon International Limited (“Micon”) to produce initial mineral resource estimates for the Marathon and Sprite Deposits and an update to the resource estimate completed in 2013 for the Victory Deposit. These estimates were completed in April 2015 and disclosed by way of a press release dated April 30, 2015.

With the completion of these resource estimates, the Valentine Gold Camp now hosts 4 separate deposits. These deposits represent a total measured and indicated resource exceeding 1 million

ounces for the first time, with an aggregate grade of 2.20 g/t. In addition, 87% of the measured and indicated resource is open pit, surpassing management's objectives for the 2014 and 2015 drilling programs. The details of each resource estimate are detailed below.

**Mineral resource estimates for the Marathon, Sprite and Victory Deposits, prepared by Micon International Limited – excerpted from press release dated April 30, 2015:**

**Indicated Resource:**

Deposit	In Pit (0.50 g Au/t cut-off)			Underground (3.0 g Au/t cut-off)			Total		
	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)
Marathon	3,008	1.92	186,100	65	4.53	9,500	<b>3,073</b>	<b>1.98</b>	<b>195,600</b>
Sprite	301	2.03	19,700	36	4.73	5,500	<b>337</b>	<b>2.32</b>	<b>25,200</b>
Victory	939	1.82	55,200	58	4.88	9,100	<b>997</b>	<b>2.01</b>	<b>64,300</b>
<b>Total</b>	<b>4,248</b>	<b>1.91</b>	<b>261,000</b>	<b>159</b>	<b>4.71</b>	<b>24,100</b>	<b>4,407</b>	<b>2.01</b>	<b>285,100</b>

**Inferred Resource:**

Category	In Pit (0.50 g Au/t cut-off)			Underground (3.0 g Au/t cut-off)			Total		
	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)
Marathon	234	2.21	16,600	46	4.85	7,200	<b>280</b>	<b>2.64</b>	<b>23,800</b>
Sprite	158	2.72	13,800	49	5.28	8,300	<b>207</b>	<b>3.33</b>	<b>22,100</b>
Victory	80	1.80	4,600	62	4.64	9,300	<b>142</b>	<b>3.04</b>	<b>13,900</b>
<b>Total</b>	<b>472</b>	<b>2.31</b>	<b>35,000</b>	<b>157</b>	<b>4.91</b>	<b>24,800</b>	<b>629</b>	<b>2.96</b>	<b>59,800</b>

**Notes:**

1. CIM Definition Standards were followed for mineral resources.
2. The Qualified Person for the Marathon, Sprite and Victory Mineral Resource estimate is Charley Murahwi, B.Sc., P.Geol.
3. In pit Mineral Resources are reported at a cut-off grade of 0.5 g/t Au. Pit optimizations were used to constrain the resources.
4. Underground Mineral Resources are estimated at a cut-off grade of 3.0 g/t Au, outside the open pit constraint and using high grade wireframe vein models
5. Mineral resources are estimated using an average long-term forecast, gold price of US\$1,200 per ounce.
6. Totals may not add correctly due to rounding.
7. The quantity and grade of reported Inferred mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define the Inferred mineral Resources as Indicated or Measured mineral Resources. It is uncertain if further exploration will result in upgrading them to Indicated or Measured mineral Resource categories.

**Mineral resource estimates for the Leprechaun Deposit, prepared by Roscoe Postle Associates – excerpted from press release dated August 1, 2013:**

Category	Open Pit (0.50 g Au/t cut-off)			Underground (2.0 g Au/t cut-off)			Total		
	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)	Tonnes (kt)	Grade (g/t)	Gold (oz)
<b>Leprechaun Deposit</b>									
Measured	3,523	2.18	247,000	108	4.83	17,000	<b>3,631</b>	<b>2.26</b>	<b>264,000</b>
Indicated	6,192	2.07	412,000	764	4.05	100,000	<b>6,956</b>	<b>2.29</b>	<b>512,000</b>
Total M & I	9,715	2.11	658,000	872	4.17	117,000	<b>10,587</b>	<b>2.28</b>	<b>775,000</b>
Inferred	1,206	1.82	71,000	349	6.13	69,000	<b>1,555</b>	<b>2.79</b>	<b>140,000</b>



**Notes:**

1. CIM Definition Standards were followed for mineral resources.
2. Open pit Mineral Resources are reported at a cut-off grade of 0.5 g/t Au. Pit optimizations were used to constrain the resources.
3. Underground Mineral Resources are estimated at a cut-off grade of 2.0 g/t Au, outside the open pit constraint and using high grade wireframe vein models
4. Mineral resources are estimated using an average long-term forecast, gold price of US\$1,350 per ounce and an exchange rate of US\$:C\$ of 1:1.
5. Totals may not add correctly due to rounding.
6. The quantity and grade of reported Inferred mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define the Inferred mineral Resources as Indicated or Measured mineral Resources. It is uncertain if further exploration will result in upgrading them to Indicated or Measured mineral Resource categories.

Management views these results as a significant success, particularly in the context of capital market conditions that make larger scale exploration programs impracticable. Management was particularly encouraged by the following aspects of these resources and the exploration work that led to their completion.

- The new open pit resources, similar to the resource for the Leprechaun Deposit, are relatively insensitive to gold prices in the range of US \$1,100 to US \$1,350, as shown below:

**Victory, Sprite and Marathon Resources**  
**Whittle In-Pit Mineral Resources by Gold Price; Open Pit (0.50 g Au/t cut-off)**

Gold Price	Indicated			Inferred		
	Tonnes	Grade (g/t)	Contained Au (oz)	Tonnes	Grade (g/t)	Contained Au (oz)
\$1,100	4,068,000	1.93	252,100	428,000	2.38	32,700
\$1,150	4,160,000	1.92	256,700	448,000	2.34	33,700
\$1,200	4,248,000	1.91	261,000	472,000	2.31	35,000
\$1,250	4,371,000	1.90	267,500	498,000	2.30	36,800
\$1,300	4,441,000	1.90	270,500	518,000	2.32	38,600
\$1,350	4,520,000	1.89	274,200	541,000	2.30	40,100

- Development of resources at the Marathon Deposit was rapid, progressing from prospecting to a resource in seven months. In addition, we benefited from the continuity of mineralization at the Marathon Deposit and management's improved understanding of the underlying geology of the property by completing an initial resource for this deposit with 48 holes and 8,445 meters of drilling, compared to 316 holes and 61,254 meters of drilling by Marathon over more than three years of exploration that underpin the current resource for the Leprechaun Deposit.
- The cost of developing new resources in each exploration area was low, amounting to approximately \$10 per resource ounce.
- The overall resource grades in all deposits were consistent, running at about 2 g/t gold.
- The Marathon, Sprite and Victory Deposits are all open along strike and to depth. While the underground portion of each resource is considered modest at present, they will likely develop further with deeper drilling.

## **b) Golden Chest**

### **Optioning of the Skookum Lode**

In September 2013, GCLLC entered into an option and lease agreement with Juniper Resources (“Juniper”), a privately-held mining company based in Idaho.

Between September and November 2013, Juniper paid Marathon and NJMC two advances amounting to US \$250,000 while it carried out due diligence and evaluation activities on site, and on November 27, 2013 elected to proceed under the terms of the lease.

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

- The payment of instalments due on a non-recourse promissory note owed by GCLLC to the original vendor of the Golden Chest property (“the Beasley note”) for so long as Juniper is mining the property, to a maximum of US \$1,500,000 if Juniper conducts mining operations for the full three-year term of this agreement; and
- A 2% net smelter returns royalty, net of the advances referred to above, payable quarterly to NJMC and Marathon on the basis of their relative interests in GCLLC at the time of each payment.

During the year ended December 31, 2014 and the three months ended March 31, 2015, Juniper paid five quarterly installments on the Beasley note amounting to US \$625,000.

Juniper completed mine development work at the Skookum shoot in the third quarter of 2014 and began mining in the fourth quarter, with ore deliveries to NJMC’s mill in Kellogg, Idaho now running at the design capacity of the mill. From the start of mining in November 2014 to the date of this MD&A, Juniper has mined approximately 16,000 tonnes of ore from the Skookum shoot with an average grade of 5.1 g/t, which was expected as initial mining activity has been focused on lower grade mineralization at the top of the shoot. Gold grades are expected to improve as mining progresses to lower levels.

In February and March 2015, Juniper shipped approximately 300 tonnes of dry concentrate estimated to contain approximately 2,000 ounces of gold for further treatment.

### **Exploration Activity at Golden Chest**

There has been no work undertaken at Golden Chest by the operator either in the period ended March 31, 2015 or subsequently to the date of this MD&A.

### **Discontinued Operations**

Marathon determined during the fourth quarter of 2014 that it would make no further expenditures on the Golden Chest property and began discussions with two interested purchasers oriented at the sale of GCLLC. These actions, taken together with Marathon’s conclusion that it was highly likely that a sale of its interest in GCLLC could be concluded prior to December 31, 2015, resulted in Marathon reclassifying the assets and liabilities of GCLLC as held for sale.

At December 31, 2014 and March 31, 2015, Marathon had ownership of 52.22% of GCLLC and considered that the assets and liabilities related to GCLLC met the criteria to be classified as a disposal group held for sale. This is reflected in the financial statements for the period ended March 31, 2015 as follows:

- The assets and liabilities of GCLLC are reported separately on the consolidated balance sheet.
- The consolidated statement of operations segregates the loss attributable to GCLLC from the company's consolidated loss from continuing operations.
- The consolidated statement of cash flows segregates the cash flows attributable to GCLLC from cash flows attributable to continuing operations.

At December 31, 2014 and March 31, 2015, there were a number of circumstances which, taken together, cast doubt on the ability of Marathon to recover from its investment to date in the Golden Chest property an amount equal to its carrying value. This included the following:

- **Investor sentiment:** Discussions with current and prospective institutional and retail investors throughout 2014 indicated decreasing interest in hearing information related to Golden Chest, a clear indication of the market's perception of value and the extent to which the property was considered a core holding.
- **Capital markets:** Notwithstanding Marathon's success during 2014 at raising additional equity, the state of the Canadian capital markets as they related to the junior mining sector did not improve as Marathon had hoped during the year or subsequently in 2015. Marathon's management was not optimistic about the prospects of raising additional equity earmarked for Golden Chest. In addition, the state of the markets has made it necessary to focus Marathon's treasury on Valentine Lake.
- **No plans to explore for at least the following year:** Marathon had declined to date to take on the role of manager at Golden Chest, which would give it the right to set exploration budgets, partly as a result of the factors above, and NJMC, the current manager, had not submitted an exploration budget in 2014 or 2015 to the date of this MD&A.
- **No prior exploration activity for a significant period:** As noted above, there was no exploration activity at Golden Chest in 2014 except for the payment of holding costs on the property, and little activity in 2013 with the exception of the bulk sampling undertaken in the second quarter of 2013.

Management concluded at December 31, 2014 that the Golden Chest property was impaired and wrote down the property to its estimated recoverable value of \$3,323,214, incurring a non-cash impairment charge amounting to \$8,212,288, of which \$3,923,832 is attributable to NJMC's non-controlling interest in the property. The write-down to Marathon's best estimate of fair value less costs of disposal was based on an analysis of the market values of a number of junior mining properties in a similar stage of exploration situated in North America, focused exclusively on gold and silver, and exhibiting gold grades and resource magnitudes comparable to Golden Chest.

## 4) OUTLOOK

### a) Valentine Gold Camp

Following the spring break-up, Marathon's exploration team will resume work at the Valentine Gold Camp with an emphasis on prospecting and trenching.

Management considers that the existing mineral resources at the Leprechaun, Marathon, Victory, and Sprite Deposits will need to be expanded before Marathon can consider commencing a preliminary economic assessment. Drilling on the property will depend, both in timing and extent, on Marathon's success in raising additional capital.

### b) Golden Chest

Marathon continues to seek opportunities to dispose of its interest in Golden Chest. At this point, there can be no assurance that management will be successful in its efforts to conclude a sale of the property on acceptable commercial terms, either in 2015 or subsequently.

### c) Other properties

There are no plans in place to carry out exploration work in 2015 at Baie Verte or Bonanza.

## 5) RESULTS OF OPERATIONS

The results of operations for the three months ended March 31, 2015 and 2014 are summarized below.

	2015	2014
	\$	\$
<b>Expenses:</b>		
General and administrative expenses	<b>296,417</b>	347,769
Other finance expense	-	1,903
Interest income	<b>(7,028)</b>	(2,665)
Loss on investments	<b>9,575</b>	-
Foreign exchange (gain) loss	<b>(3,059)</b>	45
Loss from continuing operations before tax	<b>295,905</b>	347,052

### Notes:

- i) Exploration expenses are impacted by the timing of work on Marathon's properties other than Valentine Lake and Golden Chest. In both 2014 and 2015, Marathon's focus was directed toward winter drilling programs at the Valentine Gold Camp, and no work was undertaken outside the Company's flagship property in either period.
- ii) The decrease in general and administrative expenses in the reflects the following:
  - a) Salaries and director fees charged to operations increased to \$139,963 from \$113,624 in 2014. This reflects the discontinuation in 2015 of voluntary forfeitures of salaries and director fees by Marathon's officers, directors and administrative employees in 2014.
  - b) Stock based compensation charged to operations decreased to \$Nil from \$90,738 as a result of no options having been issued in 2015.

## 6) 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.

	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Statement of Operations:</b>								
Exploration expenses	-	1	18	5	-	2	118	17
General and administrative expenses	296	299	330	237	348	257	219	337
Other expenses	-	-	-	-	-	-	-	-
Impairment loss on mineral exploration and evaluation assets	-	8,212	-	-	-	-	-	-
Other (income) loss	1	57	(2)	(1)	(1)	(4)	(6)	(8)
Loss before from continuing operations before tax for the period	297	8,569	346	241	347	255	331	346
<b>Balance Sheet:</b>								
Cash, cash equivalents and short term investments	1,609	2,707	4,139	1,152	596	1,185	1,404	1,928
Working capital	1,653	2,636	3,792	1,091	507	1,174	1,475	1,917
Mineral exploration and evaluation assets	41,135	40,121	50,022	48,324	48,352	47,020	46,436	46,441

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

Marathon's reported general and administrative expenses in the first and third quarters of 2014 reflect the issuance of stock options in each period.

Amounts charged to Other (income) loss in the fourth quarter of 2014 reflect the determination that \$67,500 in accumulated unrealized losses with respect to Marathon's investment in equity securities were non-temporary, resulting in the transfer of such losses from Other comprehensive income to operations.

With effect from the fourth quarter of 2014, the reported value of Marathon's Mineral exploration and evaluation assets excludes the carrying value of Golden Chest, which has been reclassified as an asset held for sale.

## 7) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash at March 31, 2015 amounted to \$1,609,736. Marathon's working capital at March 31, 2015 was \$1,652,939.

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

In the period ended March 31, 2015 Marathon had no income or loss related to discontinued operations and incurred a consolidated operating loss from continuing operations of \$277,061, excluding non-cash charges for income taxes, depreciation and investment losses. Marathon funded its operations in the period through the use of existing cash raised through private placements in 2014, most recently in August 2014.

Marathon's ability to carry out exploration work at its mining properties, particularly resource expansion drilling, depends on additional financing. While management has been successful in raising equity in

current market conditions and continues to seek additional financing, there can be no assurance that Marathon will continue to be successful in its efforts to attract capital.

## 8) CAPITAL ACTIVITIES

Marathon did not undertake any capital market activities in the period ended March 31, 2015 or subsequently to the date of this MD&A.

## 9) OPTIONS

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

Marathon did not award any options in the period ended March 31, 2015 or subsequently to the date of this MD&A.

## 10) RELATED PARTY TRANSACTIONS

Marathon incurred the following compensation costs related to key management and directors in the normal course of business. At March 31, 2015, \$Nil was owing to these related parties for services received during the period.

	2015	2014
	\$	\$
Salaries paid to key management	146,250	107,750
Director fees	27,625	27,406
	<b>173,875</b>	<b>135,156</b>

## 11) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	75,0245,392
Unexercised stock options	6,590,500
Unexercised share purchase warrants	3,613,945
<b>Fully diluted share capital – May 13, 2015</b>	<b>85,228,837</b>

## 12) OFF-BALANCE SHEET ARRANGEMENTS

Marathon had no off balance sheet arrangements as at March 31, 2015 or subsequently to the date of this MD&A.

## 13) RISK FACTORS AND UNCERTAINTIES

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

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

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

While management has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed.

For a more detailed discussion of risk factors, reference should be made to Marathon's Annual Information Form for the year ended December 31, 2014. This document may be obtained at [www.sedar.com](http://www.sedar.com).

## 14) FUTURE ACCOUNTING PRONOUNCEMENTS

### IFRS 9 Financial Instruments

IFRS 9, *'Financial instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through Other comprehensive income ("OCI"), and fair value through profit and loss ("P&L"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through P&L.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing “bright line” hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. Marathon is evaluating the effect of IFRS 9 on its financial statements.

## **15) INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for the design and operating effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed and were operating effectively as at March 31, 2015.

## **16) DISCLOSURE CONTROLS**

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company’s disclosure controls and procedures as of March 31, 2015 and have concluded that these controls and procedures are effective.

## **17) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and at the date of the financial statements and the reported amount of expenses and other income during the year. These estimates and assumptions are based on management’s best knowledge of the relevant facts and circumstances, having regard to prior experience.

The following are the critical judgments that management has made in the course of applying Marathon’s accounting policies and which have the most significant effect on the amounts recognized in these consolidated financial statements:

### **Mineral exploration and evaluation assets**

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

The estimation of mineral resources and reserves is complex and requires significant subjective assumptions which are valid at the time of estimation. These assumptions may change significantly over time when new information becomes available and may cause the mineral resources and



reserves estimates to change. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may have a significant impact on the economic assessment of the mineral resources and reserves and may result in their restatement.

#### **Impairment of mineral exploration and evaluation assets**

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

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

- whether the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- whether substantive expenditure on further E&E of mineral resources in a specific area is either budgeted or planned;
- Marathon's financial capacity to execute exploration activities on a given property;
- the extent to which exploration for and evaluation of mineral resources in a specific area have led to the discovery of commercially viable quantities of mineral resources and any resulting decisions by management to cease or significantly reduce further E&E activities in the area; and
- the existence of sufficient data to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

#### **Stock based compensation**

The compensation cost associated with stock options granted under the terms of Marathon's stock option plan is measured at the grant date by using the Black-Scholes option pricing model to determine fair value. The Black-Scholes model requires the use of subjective estimates, in particular for the estimated life of options and the expected rate of volatility in Marathon's share price over the life of the options, which can materially affect the fair value estimate.

No options were awarded in the period ended March 31, 2015. The key assumptions used to determine the fair value of options awarded in 2014 are detailed in note 11 to the financial statements.

## **18) ADDITIONAL INFORMATION**

Additional information relating to Marathon can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

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

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