Management's Discussion and Analysis of Operations and Financial Condition

Marathon Gold Corporation ("we", "us", "the Company", or "Marathon") presents below management's review of the Company's results of operations and financial condition for the three and six months ended June 30, 2012.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2012, including the notes thereto, and the audited consolidated financial statements for the year ended December 31, 2011, including the notes thereto.

This MD&A is presented as of August 2, 2012. All figures presented in this MD&A are expressed in Canadian dollars, unless specified otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A other than statements of historical fact are forward-looking statements based on certain assumptions and reflect the current expectations of Marathon's management. These statements include without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for economic conditions and capital markets for 2012 and subsequent fiscal years.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "considers", "intends", "targets", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". We provide forward-looking statements for the purpose of conveying information about our current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

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

NOTE TO U.S. INVESTORS

All references to mineral reserves and resources contained in this MD&A are determined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators ("CSA") and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. While the terms "mineral resource," "measured mineral resource," "indicated mineral resource," and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined terms under the Securities and Exchange Commission ("SEC") standards in the United States ("U.S."). As such, information contained in this MD&A concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. "Indicated mineral resource" and "inferred mineral resource" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

1) STRATEGY

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

Newfoundland

- The Valentine Lake gold property in west central Newfoundland, which was operated during the period under a 50/50 joint venture with Mountain Lake Resources Inc. ("MOA"). On July 9, 2012 Marathon acquired the remaining 50% interest in the project it did not own and now owns a 100% interest in the project.

- The Finger Pond gold property, an early-stage exploration property acquired by staking in 2010. Finger Pond is located approximately 30km southwest of the Valentine Lake property and on the same geological structure as Valentine Lake.

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

Oregon, United States

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

British Columbia

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

2) OVERVIEW

At June 30, 2012, Marathon had $4.0 million in cash and working capital. During the summer of 2012, the work program at Valentine Lake will concentrate on prospecting, trenching and mapping programs to optimize the Company's cash resources.

The operational highlights of the period include:

- Subsequent to June 30, 2012, completing the acquisition of MOA, resulting in Marathon becoming the 100% owner of the Valentine Lake gold project.
- The 2012 drilling program at Valentine Lake, comprising 24,442 meters of drilling out of an original planned program of 40,000 meters.
- Completion of an updated mineral resource estimate at the Leprechaun Gold Deposit within Valentine Lake incorporating the results of the 2011 drilling program, with a global measured and indicated resource of 6,446,000 tonnes grading 2.05 g/t, representing 424,000 ounces of gold, and an additional inferred resource of 5,742,000 tonnes grading 1.65 g/t, representing 305,000 ounces of gold.
- The 2012 drilling program at Golden Chest, focused in part on expanding the existing potential open-pit mineral resource.
- Completion of an initial mineral resource estimate on Golden Chest, with a global indicated resource of 3,107,000 tonnes grading 1.47 g/t, representing 147,000 ounces of gold, and an additional inferred resource of 4,978,000 tonnes grading 1.46 g/t, representing 233,300 ounces of gold.

3) ACQUISITION OF MOUNTAIN LAKE

On May 24, 2012, Marathon and MOA entered into an arrangement agreement (the "Arrangement") pursuant to which:

- MOA agreed to transfer certain liabilities and its mining property interests other than its 50% interest in Valentine Lake into Mountain Lake Minerals Inc. ("MLM"), a new entity created for the purpose of the Arrangement, and subsequently transfer its shares in MLM to MOA's shareholders; and

- Marathon agreed to acquire the common shares of MOA by means of a share exchange on the basis of 0.4 Marathon common shares for each MOA common share.

In addition, Marathon agreed to subscribe for a total of 1,500,000 common share units issued by MLM at a price of $0.20 per unit.

The Arrangement required the approval of the shareholders of both Marathon and MOA, which was obtained in special meetings held by each company on June 29, 2012, and approval by the Supreme Court of British Columbia, which was obtained on July 5, 2012. The Arrangement closed on July 9, 2012 with Marathon issuing a total of 20,309,586 common shares and assuming obligations with respect to 6,428,888 warrants issued by MOA and outstanding at July 9, 2012.

As a result of this transaction, and at the date of this MD&A, Marathon now controls 100% of the Valentine Lake property. Management considers this acquisition to be a significant and important milestone in the development of the Company.

4) MINING PROPERTIES

a) Valentine Lake

Resource Estimate:

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

Leprechaun Gold Deposit 2012 Mineral Resource Estimate

(Cut-off Grade 0.5 g/t Au)

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

Notes:

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

2. The quantity and grade of reported Inferred mineral Resources in this estimate are uncertain in nature and there has been insufficient exploration to define the Inferred mineral Resources as Indicated or Measured mineral Resources. It is uncertain if further exploration will result in upgrading them to Indicated or Measured mineral Resource categories.

Drilling and Exploration:

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

To the date of this MD&A, a total of 91 drill holes covering 24,442 meters has been drilled in a combination of step-out, infill and exploration drilling intended to expand the boundaries of the existing Leprechaun Gold Deposit mineral resource envelope; to improve the classification of the existing Leprechaun Gold Deposit mineral resource; and to carry out initial drilling of the J. Frank Zone.

Step-out and infill drilling was successful in establishing down dip extensions of the existing Main Zone mineralization with multiple interceptions of high-grade gold and new hanging wall and footwall mineralization, confirming the continuity of the deposit and identifying underground mining targets to be examined. A portion of the infill drilling is believed to have mitigated the impact of the exclusion of certain historical holes from the database used to compile the mineral resource estimate released in March 2012. In addition, initial drilling at the J. Frank Zone, an area of mineralization identified through surface work in 2011, encountered potentially economic near-surface hanging wall and main zone mineralization similar to the Main Zone at Leprechaun Pond.

The summer exploration program at Valentine Lake is concentrated on prospecting, trenching and mapping programs. The first result arising out of this work was the discovery, in an area which had never been explored, of a new zone of gold-bearing quartz-tourmaline-pyrite veins, approximately 400 meters southwest of the J. Frank Zone. These gold-bearing veins form the southwest extension of a larger gold-mineralizing system which incorporates the J. Frank Zone and extends over an area in excess of 1200 meters in strike length and up to 250 meters in width. These new veins are located up to 1.9 kilometers southwest along strike from the current resource boundary of the Leprechaun Gold Deposit.

Management expects to complete an updated mineral resource estimate for the Leprechaun Gold Deposit, with completion expected late in the fourth quarter of the year.

b) Golden Chest

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

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

Resource Estimate:

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

Golden Chest 2012 Mineral Resource Estimate

(Cut-off grade 0.4 g/t Au)

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

Notes:

1. The 0.4 g/t gold open pit cut-off grade underlying the Resource Estimate is based on a number of parameters and assumptions including a gold price of US$1,200 per troy ounce, 92% metallurgical gold recovery, mining costs of US$2.00/tonne, process costs of US$9.50/tonne, General & Administrative costs of US$2.00/tonne and environmental rehabilitation costs of US$0.20 per tonne treated.
2. The quantity and grade of reported Inferred mineral Resources in this estimate are uncertain in nature and there has been insufficient exploration to define the Inferred mineral Resources as Indicated or Measured mineral Resources. It is uncertain if further exploration will result in upgrading them to Indicated or Measured mineral Resource categories.
3. The mineral Resources in this news release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council. The effective date of this mineral Resource Estimate is March 5, 2012.

Drilling and Exploration:

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

Drilling to date has been successful in expanding and improving the resource potential of the property. Surface infill drilling focused on the open pit resource encountered significant intercepts with grades from 1.14 to 1.26 g/t Au, in an area which currently hosts an inferred resource. Surface drilling focused on underground targets has succeeded in extending the strike length of the Idaho vein system to the south of the existing resource envelope in an area with no previous drilling results. In addition, a limited amount of drilling was completed in the Katie-Dora area, following on from the results of an exploration crosscut completed early in the year which encountered a high grade vein assaying 29.4 g/t Au over 1.4 meters and this vein was drifted on for 40 meters with good grade and vein continuity. The results of this work were pending at the date of this MD&A.

c) Finger Pond

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

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

Marathon carried out an airborne geophysical surveying program during the second quarter of 2012. The survey identified a major conductive structure over 10 kilometers in length with splays off this structure and several conductive trends with shorter strike lengths not related to the major structure. The splays off the major structure, as well as the other conductive anomalies identified by this work, warrant ground investigation.

There are no plans for significant work on the Finger Pond property for the remainder of 2012.

d) Baie Verte

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

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

f) Bonanza

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

During 2012, Marathon acquired additional unpatented claims surrounding the property. These claims are not subject to any royalty. No material exploration work has been carried out at the Bonanza property to the date of this MD&A, and there are no plans for significant work on the property for the remainder of 2012.

5) OUTLOOK

a) Valentine Lake

Marathon's original 2012 exploration plan for Valentine Lake was based on the expectation that 50% of the exploration spending on the project would be underwritten by MOA. However, Marathon financed 100% of the exploration spending on the project from April 1, 2012 to the date of this MD&A.

The Company's current plans for the project include prospecting and trenching programs, focused initially in the area to the southwest of the J. Frank Zone, the continuation of environmental baseline work, and detailed and regional mapping along the Valentine Lake fault zone. Management expects to issue an updated mineral resource estimate for the Leprechaun Gold Deposit before the end of the year.

b) Golden Chest

Underground and surface geological mapping as well as prospecting continues at the Golden Chest property to identify targets for future drilling.

Marathon has the right to elect to increase its share of Golden Chest to 60% by making a capital contribution of US $3.5 million before November 30, 2012.

c) Other properties

Marathon has no immediate plans to carry out any significant work on the Finger Pond, Baie Verte, or Bonanza properties.

6) RESULTS OF OPERATIONS

The results of operations for the three and six months ended June 30, 2012 and 2011 are summarized below.

	Three months ended June 30		Six months ended June 30	
	2012	**2011**	**2012**	**2011**
	$	$	**$**	$
Expenses:				
Exploration expenses (i)	**349,404**	33,215	**351,476**	39,402
General and administrative expenses(ii),(iii)	**376,397**	425,326	**737,113**	860,748
Interest income	**(19,570)**	(13,306)	**(33,154)**	(13,383)
Unrealized loss on warrant derivative investments (iv)	**23,987**	123,784	**82,750**	109,002
Foreign exchange loss (gain)	**1,101**	(287)	**816**	(377)
Loss before taxes	**731,319**	568,732	**1,139,001**	995,392
Income taxes (v)	**(376,986)**	-	**(1,006,574)**	-
Loss for the period	**354,333**	568,732	**132,427**	995,392

i) Marathon completed a geophysical surveying program at Finger Pond during the second quarter of 2012, which was the first significant exploration activity carried out that property. In 2011, Marathon carried out limited exploration work in both the first and second quarters at Finger Pond and Barachois Brook.

ii) The decrease in reported administrative expenses in the second quarter of 2012, compared to 2011, is primarily the result of a decrease in stock based compensation costs, from $62,393 in 2011 to $Nil in 2012, as no stock options were awarded in the quarter.

iii) The decrease in general and administrative expenses in the six months ended June 30, 2012 was driven primarily by the decrease in stock option expense from $93,043 to Nil, again due to the fact that no options were awarded in the first six months of 2012, and to lesser decreases in investor relations costs and other administrative expenses.

iv) The unrealized mark to market gains and losses associated with Marathon's investment in warrants issued by NJMC are derived by revaluing the warrants at each reporting period using the Black-Scholes option pricing model and are impacted by the price of the underlying security, the remaining term of the investment, and other assumptions which drive the model.

v) As explained in note 13 to the financial statements, Marathon renounced the tax benefits associated with the issue in 2011 of 5,256,000 flow-through common shares to its investors in February 2012 and released a portion of the liability set up in respect of these benefits during 2011 to the 2012 tax recovery, based on Canadian exploration expenses incurred in the three and six month periods ended June 30, 2012.

7) QUARTERLY RESULTS

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

	2012 Q2	**2012 Q1**	**2011 Q4**	**2011 Q3**	**2011 Q2**	**2011 Q1**	**2010 Q4**	**2010 Q3**
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Statement of Operations and Comprehensive Loss:								
Exploration expenses	349	2	23	175	34	6	9	6
General and administrative expenses	376	360	634	403	426	435	1,366	180
Other expenses	-	-	144	-	-	-	-	-
Other (income) loss	6	46	(15)	84	109	(14)	(159)	(9)
Loss before tax for the period	731	408	786	662	569	427	1,216	177
Balance Sheet:								
Cash, cash equivalents and short term investments	3,988	6,950	9,545	3,182	6,089	7,606	7,583	-
Working capital	3,967	7,376	9,573	3,134	6,008	7,183	7,881	-
Mineral exploration and evaluation assets	19,285	16,487	14,777	12,322	9,755	9,007	4,642	3,391

The reported administrative expense amounts in the third and fourth quarters of 2010 are based on allocations of shared expenses incurred originally by Marathon PGM Corporation, the parent company of Marathon prior to November 30, 2010.

The increase in general and administrative expenses in the fourth quarter of 2010 is due to the granting of 1,770,000 options in the quarter and recognition of $972,742 in stock based compensation costs, of which $802,375 was charged to operations. Similarly, the increase in general and administrative expenses in the fourth quarter of 2011 is due to the granting of 657,000 options and the recognition of $299,051 in stock based compensation costs, of which $253,533 was charged to operations.

8) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash at June 30, 2012 amounted to $3,988,545. Marathon's working capital at June 30, 2012 was $3,966,546.

Marathon's 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 six month period ended June 30, 2012 Marathon incurred an operating loss of $1,027,255, excluding non-cash charges for depreciation and mark to market losses on warrants. Marathon funded its operations in the period through the use of existing cash.

After adjusting its work plans for Valentine Lake, Golden Chest, and its other properties, Marathon has sufficient cash to fund its planned exploration and investment activities and administrative costs to the end of 2012, but will require additional financings to advance its projects. While Marathon has been successful to date in obtaining the equity financing it requires to move its projects forward, it remains dependent on such financings and will continue to depend on financings as its sole source of cash inflows for the foreseeable future. There can be no assurance that the Company will continue to be able to obtain financing in the future.

9) CAPITAL ACTIVITIES

The Company did not complete any capital market transactions during the period ended June 30, 2012.

10) OPTIONS

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

During the period ended June 30, 2012 and subsequently to the date of this MD&A, no options were awarded or exercised.

11) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	50,181,514
Unexercised stock options	2,635,000
Unexercised broker warrants	176,995
Unexercised share purchase warrants	1,964,000
Shares issuable upon exercise of warrants issued by MOA	1,709,655
Fully diluted share capital – August 2, 2012	**56,667,164**

12) OFF-BALANCE SHEET ARRANGEMENTS

Marathon had no off balance sheet arrangements as at June 30, 2012 or subsequently to the date of this MD&A.

13) RELATED PARTY TRANSACTIONS

During the period ended June 30, 2012, Marathon paid fees totaling $Nil (2011 - $58,832) to a company controlled by Marathon's former chairman, James Frank, for management services. These transactions were charged to operations and were in the normal course of business. At June 30, 2012 there were no amounts due in respect of these services.

Following the death of Mr. Frank during the fourth quarter of 2011, Marathon's board approved an ex gratia posthumous bonus amounting to US$120,000 in recognition of Mr. Frank's services to the Company. This bonus was expensed in 2011 and is being paid in 2012. At June 30, 2012, US $40,000 of this bonus remained unpaid.

14) RISK FACTORS AND UNCERTAINTIES

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

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

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

For a more detailed discussion of risk factors, reference should be made to Marathon's Annual Information Form for the year ended December 31, 2011. This document may be obtained at www.sedar.com.

15) FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 Financial Instruments

IFRS 9, *Financial Instruments* was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. Requirements for financial liabilities are included in IFRS 9 and they largely carry forward existing requirements from IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements* was issued by the IASB to replace IAS 27, Consolidated and Separate Financial Statement and SIC-12, Consolidation - Special Purpose Entities. IFRS 10 requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 10 on its consolidated financial statements.

IFRS 11 Joint Arrangements

IFRS 11, *Joint Arrangements* supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 11 on its consolidated financial statements.

IFRS 12 Disclosures of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

IFRS 13, *Fair Value Measurement* is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 13 on its consolidated financial statements.

16) INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design and operating effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed and were operating effectively as at June 30, 2012.

17) DISCLOSURE CONTROLS

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company's disclosure controls and procedures as of June 30, 2012 and have concluded that these controls and procedures are effective.

18) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

a) Mineral exploration and evaluation assets

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

The estimation of mineral resources and reserves is complex and requires significant subjective assumptions which are valid at the time of estimation. These assumptions may change significantly over time when new information becomes available and may cause the mineral resources and reserves estimates to change. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may have a significant impact on the economic assessment of the mineral resources and reserves and may result in their restatement.

b) Stock based compensation

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

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

c) Warrant derivatives

Warrant derivatives held as investments are measured at fair value using the Black-Scholes option pricing model. The fair value estimates derived through the use of this model are subject to the use of subjective assumptions similar to those described for stock based compensation.

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

19) ADDITIONAL INFORMATION

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

(Signed) “Phillip C. Walford”	(Signed) “James Kirke”
Phillip C. Walford	James Kirke
President and Chief Executive Officer	Chief Financial Officer