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 year ended December 31, 2011.

Marathon adopted International Financial Reporting Standards ("IFRS") with effect from January 1, 2011 and a transitional date of January 1, 2010. The MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011, including the notes thereto. A reconciliation of previously disclosed comparative financial information at December 31, 2010 and for the year ended December 31, 2010 prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in note 21 of the financial statements.

This MD&A is presented as of March 29, 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 which is being operated as a 50/50 joint venture with Mountain Lake Resources Inc. ("MOA"). Marathon is the operator.

- The Finger Pond gold property, an unexplored gold 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 Finger Pond property is outside the area of interest specified in the Valentine Lake Joint Venture Agreement.

- The Baie Verte gold property in western Newfoundland, an early-stage exploration project acquired by staking.

- The Barachois Brook gold property, an early-stage exploration property acquired by staking early in 2011.

Idaho, United States

- The Golden Chest gold property, a non-producing former mine consisting of patented and unpatented mining claims covering a total of 497 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, who are the operator. Marathon has the option to earn a 60% interest in the joint venture and to become the operator with a further contribution of $3,500,000 by November 30, 2012.

Oregon, United States

- The Bonanza Mine, a historic past-producing gold property located in northeastern Oregon. Marathon owns a 100% interest in the property.

British Columbia

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

2) OVERVIEW

At December 31, 2011, Marathon Gold had $9.5 million in cash and $9.6 million in working capital.

The operational highlights of the year include:

- Two financings which generated gross cash proceeds of $14,551,700.
- Completion of the earn-in for a 50% interest in the Valentine Lake gold property by making a payment of $3,000,000 to Richmont Mines Inc. and triggering the formation of the Valentine Lake 50/50 joint venture with Mountain Lake Resources Inc.
- Completion of an extensive 2011 work program at Valentine Lake, focused on expanding the existing resource at Leprechaun Pond and preliminary drilling at the Valentine East and Sprite zones, including 25,000 meters of drilling.
- Completion in March 2012 of an updated mineral resource estimate at Valentine Lake reflecting 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.
- Completion of Marathon's earn-in into a 50% interest in the Golden Chest property by funding a total of US $3 million in cash contributions to GCLLC.
- Initial surface and underground drilling programs at Golden Chest, which were reflected in the initial mineral resource estimate on the property, 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.
- The acquisition of the Bonanza Mine, a historic producing property located in northeastern Oregon.

- Initial prospecting and ground exploration programs at the Finger Pond and Barachois Brook exploration stage properties in Newfoundland.

3) BASIS OF PRESENTATION

On September 7, 2010, Marathon PGM Corporation ("MPGM"), Marathon's then-parent company, and Stillwater Mining Company ("Stillwater") entered into an Arrangement Agreement (the "Arrangement"), which was subsequently amended on October 4, 2010. Under the terms of the Arrangement, MPGM proposed to:

- transfer certain capital assets, the rights and title to MPGM's Valentine Lake, Baie Verte, Finger Pond, and Gold Reef properties, and up to $6 million in cash ("the Transferred Assets") to Marathon in exchange for common shares,
- reorganize the share capital of MPGM into two classes of shares, Class A and Class B,
- distribute the common shares of Marathon it acquired as a result of the asset transfers described above to redeem the Class A shares, and
- list Marathon's common shares for trading on the Toronto Stock Exchange.

On November 30, 2010, the various transactions contemplated by the Arrangement were executed, and Marathon acquired the Transferred Assets by issuing a total of 17,816,428 common shares with a deemed value of $9,853,564. Because MPGM's shareholders at the time the Arrangement closed became the shareholders of Marathon immediately after closing, from the perspective of a shareholder there was no change in the control of these assets, and consequently Marathon's consolidated financial statements were prepared using continuity of interest accounting. This is explained in note 6 of the financial statements.

4) MINING PROPERTIES

a) Valentine Lake

Drilling:

Marathon started work at the Valentine Lake Property in January 2010 and focused initially on the Leprechaun Gold Deposit, a small part of the property that hosted a NI 43-101 compliant 443,000 ounce inferred gold resource.

In this initial campaign, we completed a total of 33 holes covering 3,998 meters with the majority of the holes intersecting gold mineralization either on the margins or outside of the existing resource envelope. In addition, we encountered many intersections where no gold had been indicated before and several significant intersections of high-grade gold, including 38.3 g/t gold over 9 meters, with very high grades encountered over much shorter intercepts.

The first drilling program was completed in March 2010. In June, we resumed work at Valentine Lake with an extensive summer program including:

- A drilling program, planned to total approximately 8,000 meters, to complete the drill work required to support the updating of the Leprechaun Gold Deposit mineral resource estimate. This program included barge-supported drilling in Leprechaun Pond itself to complete the holes originally planned to be completed in the winter.
- A detailed IP survey, followed by trenching and drilling, to be performed along the 2 km long structure hosting the Leprechaun Gold Deposit and the Sprite prospect, as well as the Valentine East prospect located 13 km along strike to the northeast.
- Enlarging and expanding the existing all-weather camp facilities.

Fieldwork for this program was completed in September 2010, with a total of 6,910 meters drilled over 62 holes. Drilling encountered multiple intercepts of near-surface gold mineralization with visible gold noted in several holes and it extended the boundaries of mineralization from depth to surface. These results increase the potential of the deposit to host an economic open-pit ore body.

Metallurgy and Further Exploration:

Prior to our entering into the option agreement, MOA had concluded that metallurgical testwork commissioned by a previous operator had likely been impacted adversely by improper handling of samples at the laboratory that carried out this work. Accordingly, in 2010 we engaged G&T Metallurgical Services Ltd. of Kamloops, British Columbia to carry out a new program of bench-scale metallurgical testwork on a representative composite sample from the Leprechaun Gold Deposit with an average grade of approximately 4 g/t gold. The results of this preliminary work suggested that recoveries over 93% could be achieved using a combination of gravity separation and cyanide leaching, with gravity recovery ranging from 45% to 58%.

Following completion of the 2010 fieldwork, we focused on planning the 2011 exploration program in conjunction with MOA and working with Micon International to complete an updated mineral resource estimate on the property reflecting the results of the 2010 drilling program. The resource was completed on December 16, 2010, with a NI43-101 compliant technical report filed on Sedar on January 31, 2011. The resource estimate below is excerpted from the technical report.

Leprechaun Gold Deposit 2011 Mineral Resource Estimate

(Cut-off Grade 0.5 g/t Au)

Classification	Tonnes	Gold Grade (g/t Au)	Contained Gold (oz)
Measured	2,104,000	2.77	187,000
Indicated	1,180,000	2.36	90,000
Measured + Indicated	3,284,000	2.62	277,000
Inferred	4,409,000	2.01	285,000

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 resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

On January 24, 2011, we paid a total of $3,000,000 to Richmont on behalf of MOA, thereby satisfying the terms of both Richmont's option agreement with MOA and MOA's sub-agreement with Marathon, terminating that sub-agreement, and triggering the formation of the Valentine Lake 50-50 Joint Venture.

We resumed drilling at Valentine Lake in January 2011, with a program of approximately 25,000 meters of drilling focused on expanding the existing mineral resource at Leprechaun Pond and delineating, if possible, a new resource at the Valentine East and Sprite zones. Throughout the program, drilling was successful in expanding the extent of known mineralization down dip and along strike.

In addition, trenching approximately 1.5 km southwest along strike from the current resource boundary of the Leprechaun Gold Deposit resulted in a new discovery of multiple stacked quartz-tourmaline veins. Grab samples collected from outcrop in this area returned spectacular gold grades as high as 581.88 g/t, making this area a focus for future exploration and drilling activity. A short drilling program consisting of 12 holes was done on this new zone, referred to as the J. Frank Zone.

An updated global mineral resource was completed based on the results of the 2011 drilling program, excluding the drilling on the J. Frank Zone. 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 resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

The Company faced several unforeseen challenges in the process of updating the resource estimate. The main challenge was that 22 historic drill holes had to be removed from the database, as they were selectively sampled for underground resources, leaving gaps in the mineralized intervals. There were also down hole surveying errors which became obvious when new holes were drilled near them. As well, where old drill core could be recovered and completely sampled, the metal content was generally not as high as the original intercepts, suggesting that there may have been some bias in the historical sampling. The decline in grade can also be attributed in part to a more conservative top cut in the main zone of 30 g/t Au, compared to 76 g/t Au in 2011.

The issues associated with the historical drill holes are being mitigated. Marathon began replacing the old drill holes in late 2011 and continues to do so as part of the 40, meter 2012 drilling program. Current drilling is focused on the discovery and definition of the high-grade zones in an effort to increase the grade and gold content in the deposit. It is anticipated that the results of the open pit resource will be available upon completion of the 2012 drilling program.

b) Golden Chest

On December 16, 2010, we announced the formation of Golden Chest LLC, a joint venture with New Jersey Mining Company ("NJMC") established to explore and develop the Golden Chest mining property, located approximately 2 miles east of Murray, Idaho in the Coeur d'Alene mining district.

The Golden Chest is a mesothermal deposit, similar to deposits in the Mother Lode district of California and the Abitibi region of Quebec, which are known for their continuity to depth and their size, and is located on the west limb of the Trout Creek anticline, a major north-trending fold of the Prichard formation. Mineralization is controlled by a thrust fault known as the Idaho Fault, at the contact of Prichard formation units G and H.

The Idaho Fault strikes to the north and dips at 50 degrees to the west. Most of the gold mineralization found by NJMC and previous operators is located in the Idaho Vein (that occupies the Idaho Fault), in veins running parallel to the Idaho Fault, or in the Katie/Klondike veins in the footwall rocks. These veins were reported to have a grade of 17 g/t gold and were the source of most of the historical production from the mine.

We considered this property to present an attractive opportunity to add shareholder value. The following factors influenced this assessment.

- The historic mine is located on patented land.
- The property was already fully permitted for underground drilling and underground mining.
- Although there are 3,900 meters of existing underground workings on three mining levels, NJMC had drilled only three underground holes since gaining its interest in the property in 2003 and had not drilled at depth. The ease of access to the Idaho Vein and the high-grade Katie and Dora shoots presented good potential to increase the extent of underground reserves.
- NJMC had also carried out additional drilling from surface but had made no attempt to compile their results into a mineral resource estimate, as such estimates are not permitted under the rules of the US Securities and Exchange Commission.
- The Idaho vein outcrops on surface and represented an obvious area of emphasis in evaluating the open-pit potential of near-surface mineralization on the property.

To maintain our 50% interest in GCLLC, Marathon agreed to make a total of US $4,000,000 in funding contributions and completed the last of these contributions on November 30, 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%.

NJMC started its 2011 exploration program at Golden Chest in January 2011 focused initially on underground exploration and completed the following drilling activity:

- A total of 14 surface drill holes which successfully extended known mineralization down-dip and to the north and intercepted the H vein, a hanging wall vein located above the Idaho vein, four times with encouraging values.
- 11 underground holes which were designed to test the Katie vein. Drilling in this area encountered difficult conditions with highly fractured mineralized rock, and core recoveries in several holes were poor. However, this drilling returned very encouraging grades including 54.60 g/t over 1.1 meters in hole and GCU-11-07 and 35.44 g/t over 1.4 meters in hole GCU-11-08.
- An open pit definition drilling program consisting of 10,000 meters of drilling which was completed in October.

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

(Cutoff 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			
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.

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.

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% copper and 34.1 g/t silver, and 45.6% copper and 15.3 g/t silver.

d) Barachois Brook

Marathon completed a prospecting program in the third quarter of 2011. This work included surface sampling which yielded 37 grab samples. Marathon's prospectors identified zinc and silver showings in a limited area, with grab samples grading as high as 10.5% zinc and 18.8 g/t silver, and an isolated gold showing with a grab sample grading 7.01 g/t gold. These grades did not reproduce the historical prospecting results which originally made this property attractive as an exploration target. No further work is planned, and Marathon will allow its claims to lapse.

e) Baie Verte

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

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 US $125,000 and issued 300,000 common shares with a fair value of $345,000 for the property, and the vendor retains a 2% NSR royalty, of which 1% can be purchased for US $1,000,000.

Subsequent to completion of this acquisition, Marathon acquired additional unpatented claims surrounding the property. These claims are not subject to any royalty.

5) OUTLOOK

Change in Management

On October 15, 2011, Mr. Jim Frank, Marathon's chairman and the founder of MPGM, passed away after a short illness. At a meeting of the Board of Directors held on October 18, 2011, Mr. George Faught, an independent director of Marathon and the Chairman of Marathon's audit committee, was appointed as interim Chairman and subsequently confirmed as the permanent Chairman of the Company. Marathon does not anticipate any changes in its business strategy as a result of this change.

Valentine Lake

The bulk of Marathon's Canadian exploration efforts in 2012 will be focused on Valentine Lake. The key elements of the 2012 exploration program include:

- A 40,000 meter drilling program including step-out and infill drilling which commenced in January 2012. A portion of this program will be oriented toward replacing some of the high-grade historical drilling results removed from the database during the most recent mineral resource estimate.
- Continuing environmental baseline studies and metallurgical testwork.
- A program of geophysical surveying to identify high-grade targets.

Golden Chest

New Jersey Mining as operator have commenced work on the 2012 exploration program at Golden Chest, which includes a total of 20,000 meters of surface and underground drilling, a program of underground rehabilitation and development, and preparations for a preliminary economic assessment expected to be completed in the fourth quarter of 2012. This program is being funded jointly by New Jersey Mining and Marathon.

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. Marathon's board has not made a decision on this matter at the date of this MD&A. Any decision on increasing the Company's interest in Golden Chest will depend on a number of factors, including the Company's success in raising additional financing.

Finger Pond

Based on the results from Finger Pond, Marathon plans to undertake a program of airborne geophysics and ground work in the winter of 2012.

Baie Verte

At Baie Verte, Marathon plans to complete a 1,000 meter drilling program during 2012.

Bonanza

Other than completing the staking of unpatented claims in the area surrounding the patented claims purchased in 2011, Marathon has no immediate plans for any material work on the property.

6) RESULTS OF OPERATIONS

The results of operations for the three and twelve month periods ended December 31, 2011 and 2010 are summarized below.

	Three months ended December 31		**Year ended December 31**	
	2011	**2010**	**2011**	**2010**
	$	$	**$**	$
Expenses:				
Exploration expenses (i)	**22,639**	9,481	**237,405**	21,105
General and administrative expenses (ii)	**634,442**	1,365,573	**1,898,261**	2,234,545
Other expense (iii)	**143,916**	-	**143,916**	-
Interest income	**(5,372)**	(4,138)	**(29,198)**	(26,451)
Unrealized loss (gain) on warrant derivative investments (iv)	**(11,757)**	(154,218)	**189,474**	(154,218)
Foreign exchange loss	**2,450**	26	**4,381**	271
Loss before taxes	**786,318**	1,216,724	**2,444,239**	2,075,252
Income taxes	**-**	-	**-**	-
Loss for the period	**795,825**	1,216,724	**2,444,239**	2,075,252

i) Marathon undertook very little exploration activity at its properties in the fourth quarter. The significant increase in exploration expense in the 2011 full year results is due to Marathon completing prospecting programs at its Finger Pond and Barachois Brook properties in the third quarter of 2011. In 2010, Marathon focused its Canadian exploration activity almost exclusively on Valentine Lake.

ii) The decrease in reported administrative expenses in the fourth quarter of 2011, compared to 2010, is primarily the result of a significant decrease in stock based compensation costs, from

$802,375 in 2010 to $253,533 in 2011. This is the result of a significantly smaller number of options having been awarded in 2011 compared to 2010.

iii) Other expense represents a portion of the costs incurred in issuing flow through shares in the year attributable to the sale by Marathon of the exploration tax benefits associated with these shares. As no equivalent shares were issued in 2010, there was no equivalent expense.

iv) The unrealized mark to market gains and losses associated with Marathon's investment in warrants issued by New Jersey Mining Company commenced in the fourth quarter of 2010, the reporting period in which Marathon acquired this investment. The extent of gains or losses reported in any reporting period is derived by revaluing the warrants at each reporting period using the Black-Scholes option pricing model and is impacted by the price of the underlying security, the remaining term of the investment, and other assumptions which drive the model.

The derivation of the reported consolidated results of operations of Marathon for the year ended December 31, 2010 is detailed in note 6 to the consolidated financial statements and is based on allocations of shared MPGM administrative costs which were allocated between Marathon and MPGM based on relative levels of spending on the exploration and development properties attributable to Marathon and MPGM.

Such allocations are not indicative of expenses that would be expected to be incurred by Marathon on a stand-alone basis.

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.

	2011 Q4	**2011 Q3**	**2011 Q2**	**2011 Q1**	**2010 Q4**	**2010 Q3**	**2010 Q2**	**2010 Q1**
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Statement of Operations and Comprehensive Loss:								
Exploration expenses	23	175	34	6	9	6	1	5
General and administrative expenses	634	403	426	435	1,366	180	454	235
Other expense	144	-	-	-	-	-	-	-
Other (income) loss	(15)	84	109	(14)	(159)	(9)	(8)	(5)
Loss for the period	786	662	569	427	1,216	177	447	235
Balance Sheet:								
Cash, cash equivalents and short term investments	9,545	3,182	6,089	7,606	7,583	-	-	-
Working capital	9,573	3,134	6,008	7,183	7,881	-	-	-
Mineral exploration and evaluation assets	14,777	12,322	9,755	9,007	4,642	3,391	1,681	1,014

As mentioned above, the reported administrative expense amounts in all periods prior to Q1 of 2011 are based on allocations of shared expenses incurred originally by MPGM.

The sharp 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 subsequent recognition of $972,742 in stock based compensation costs, of which $802,375 was charged to operations.

8) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash at December 31, 2011 amounted to $9,545,246. Our working capital at December 31, 2011 was $9,572,321.

Our 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 year ended December 31, 2011 Marathon incurred an operating loss of $1,858,613, excluding non-cash charges for depreciation, stock based compensation and mark to market losses on warrants. Marathon funded its operations in the year through the use of existing cash reserves; from a private placement of flow-through common shares which closed on March 1, 2011, generating gross cash proceeds of $4,551,300; and from a prospectus offering of common share units and flow through common shares which closed on December 2, 2011, generating gross cash proceeds of $10,000,400.

After taking its existing cash reserves and its expectations regarding the intention of MOA to participate fully in funding the exploration activities of the Valentine Lake Joint Venture into account, 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 Valentine Lake, Golden Chest and its other 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 Marathon will continue to be able to obtain financing in the future.

9) CAPITAL ACTIVITIES

On March 1, 2011 Marathon closed a brokered private placement of 2,528,500 flow-through common shares that generated gross cash proceeds of $4,551,300.

On December 2, 2011, Marathon closed a prospectus offering of 3,928,000 common share units and 2,728,000 flow-through common shares that generated gross cash proceeds of $10,000,400.

10) OPTIONS

The terms of our 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 year ended December 31, 2011, we awarded a total of 953,000 options to directors of the Company, employees and an external consultant. These options were granted with immediate vesting.

No options were exercised during the year.

11) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	29,871,928
Unexercised stock options	2,689,000
Unexercised broker warrants	176,995
Unexercised share purchase warrants	1,964,000
Fully diluted share capital – March 29, 2012	**34,701,923**

12) OFF-BALANCE SHEET ARRANGEMENTS

We had no off balance sheet arrangements as at December 31, 2011 or subsequently to the date of this MD&A.

13) RELATED PARTY TRANSACTIONS

a) The details of the Arrangement in November 2010 pursuant to which MPGM transferred to Marathon its gold exploration property interests and $6,000,000 in cash are explained in note 6 to the consolidated financial statements.

b) During the year ended December 31, 2011, Marathon paid fees totaling $97,958 (2010 - $68,846, including $59,696 in fees allocated to Marathon by MPGM) to a company controlled by Marathon's chairman, James Frank, for management services. These transactions were charged to operations and were in the normal course of business. At December 31, 2011 and December 31, 2010 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 will be paid in 2012.

14) RISK FACTORS AND UNCERTAINTIES

Marathon is subject to the usual risks associated with a junior mineral exploration company. We are competing for access to financing, specialized third party service providers and human capital against other exploration companies, some of whom are 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 we 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, 2010. This document may be obtained at www.sedar.com.

15) ADOPTION OF ACCOUNTING STANDARDS AND PRONOUNCEMENTS UNDER IFRS

The Canadian Accounting Standards Board (AcSB) announced its decision to replace Canadian generally accepted accounting principles ("CGAAP") with International Financial Reporting Standards (IFRS) for all Canadian Publicly Accountable Enterprises in 2006. The effective changeover date for Marathon was January 1, 2011, at which time CGAAP was replaced by IFRS. Marathon's first audited financial statements prepared under IFRS were the consolidated financial statements for the year ended December 31, 2011, which included full disclosure of Marathon's new IFRS policies in Note 4 to the financial statements. These financial statements also include reconciliations of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian GAAP to IFRS.

16) 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.

17) 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 December 31, 2011.

18) 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 December 31, 2011 and have concluded that these controls and procedures are effective.

19) 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 2010 and 2011 are detailed in note 14 to the consolidated financial statements.

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 9 to the consolidated financial statements.

20) 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