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 period ended March 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 unaudited consolidated financial statements for the period ended March 31, 2011, including the notes thereto. These financial statements have been prepared using accounting policies conforming to IFRS and IAS 34 – Interim Financial Reporting. A reconciliation of the previously disclosed comparative periods prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in note 20 of the financial statements.

This MD&A is presented as of June 14, 2011. All figures presented in this MD&A are denominated 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 in North America for 2011 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 outright or is earning interests in the following resource properties:

Idaho, United States

- The Golden Chest gold property, a non-producing mine consisting of patented and unpatented mining claims covering a total of 206 hectares and located near Murray Idaho. Golden Chest is owned by Golden Chest LLC ("GCLLC"), a corporate joint venture in which Marathon holds a 50% interest.

Newfoundland

- The Valentine Lake property optioned from Mountain Lake Resources Inc. ("MOA") in the fourth quarter of 2009.

- The Finger Pond property, an unexplored gold property consisting of 256 claims covering 6,400 hectares acquired by staking in 2010, 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 our option and joint venture agreement with MOA.

- The Baie Verte property in western Newfoundland, an early-stage exploration property being explored for its potential to host an economic gold/base metal deposit.

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

British Columbia

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

2) OVERVIEW

Marathon ended the period ended March 31, 2011 with $7.6 million in cash and no debt.

The operational highlights of the period include:

- In January 2011, completing the earn-in into a 50% interest in the Valentine Lake 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.
- Completing an updated resource estimate on Valentine Lake based on drilling results from the 2010 drilling campaign, which included measured and indicated resources of 3.3 million tonnes grading 2.6 g/t gold and an additional inferred resource of 4.4 million tonnes grading 2.0 g/t gold.
- Commencing work on 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.
- Funding the second of five cash payments to GCLLC stipulated under the operating agreement among Marathon, GCLLC and New Jersey Mining Company.
- Closing a private placement of flow-through common shares in March 2011 of 2,528,500 flow-through shares that generated gross proceeds of $4,551,300.

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 4 (b) of the unaudited interim consolidated financial statements for the three months ended March 31, 2011.

4) MINING PROPERTIES

a) Valentine Lake

Upon completion of the Arrangement, the principal mining asset acquired by Marathon was MPGM's interest in the Valentine Lake project, which is in the form of a 50-50 joint venture with MOA. Although Marathon carried out a limited amount of work on the property following closing of the Arrangement, an extensive amount of work was completed by MPGM in 2010 and is summarized here.

Drilling:

MPGM started work at the Valentine Lake property in January 2010, focused initially on the Leprechaun Gold Deposit, a small part of the property that hosted a NI43-101 compliant 443,000 ounce inferred gold resource. The winter drilling program concentrated on drilling at the edges of Leprechaun Pond, as abnormally warm winter conditions made it impossible to drill through ice on the pond.

In this initial campaign, MPGM 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, MPGM 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, MPGM 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, including 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 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:

Prior to MPGM 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, MPGM 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 recoveries ranging from 45% to 58%.

Our work on the property following closing of the Arrangement was focused on planning the 2011 exploration program in conjunction with MOA, negotiating an agreement covering the sharing of costs prior to the formation of a formal joint venture, and working with Micon International to complete an updated mineral resource estimate on the property. The resource was completed on December 16, 2011, 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 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	2.768	187,000
Indicated	1,180,000	2.363	90,000
Measured + Indicated	3,284,000	2.622	277,000
Inferred	4,409,000	2.007	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, Marathon 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.

Valentine Lake property is subject to two overlapping royalties. Xstrata Canada retains a 2% net smelter return royalty on base metals and a 1.5% net smelter return royalty on the first 250,000 oz. of gold produced, increasing at that point to 3%. In addition, the Reid Newfoundland Company Ltd. ("Reid") retains a 7.5% net profits interest that accelerates the increase in Xstrata's net smelter return royalty on gold to 3% should a net profits interest royalty become payable prior to the first 250,000 oz. produced. Any amount payable to Reid for the net profits interest royalty reduces the net smelter royalty on gold payable to Xstrata. The Reid and Xstrata agreements do not cover all of the property.

Marathon resumed drilling at Valentine Lake in January 2011, with plans for 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. Drilling continued to March 31, 2011, covering a total of 6,747 meters with encouraging grades encountered both at Leprechaun and Valentine East. Drilling work was suspended on the property as a result of a spring break-up that occurred earlier than expected, and work from April to the end of May focused on moving the camp inland from Victoria Lake, completing assays of the 2011 drilling and compiling an updated mineral resource estimate for the Leprechaun Gold Deposit, which is expected to be completed by the end of June 2011. Drilling restarted on site at the end of May 2011, with no detailed results available at the date of this MD&A.

b) Golden Chest

On December 16, 2010, Marathon 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. The Golden Chest property consists of 24 patented mining claims and 70 unpatented mining claims covering a total of 206 hectares and is 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. All 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 property is already fully permitted for underground drilling and underground mining.
- There is an existing SEC-compliant proven and probable mineral reserve of 231,713 tonnes grading 5.10 g/t, for a total reserve of 37,885 ounces of gold.
- Although there are 3,900 meters of existing underground workings on three mining levels, with gold mineralization occurring over a known strike length, 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 presents 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.

Although this business arrangement was structured as a corporate joint venture with a 50% ownership interest being attributed to Marathon immediately upon formation, Marathon is obligated to make a total of US $4,000,000 in funding contributions to GCLLC to earn and subsequently maintain this interest. At March 31, 2011 and at the date of this MD&A, Marathon had made the first and second of five scheduled contributions amounting to US $1,500,000. The remaining $2,500,000 is due according to the following schedule:

Contribution deadline	**Contribution amount**	**Dilution in percentage ownership if contribution not made**
	US $	%
June 30, 2011	500,000	6.25
September 30, 2011	1,000,000	12.50
November 30, 2011	1,000,000	12.50
Total	**2,500,000**	**31.25**

Under the terms of the joint venture agreement, NJMC is the operator. After Marathon has funded the initial US $4,000,000 stipulated under the joint venture agreement, it may elect to become the operator by committing to spend an additional $3,500,000 on the property, thereby increasing its interest in GCLLC to 60%.

NJMC started its 2011 exploration program in February 2011, and to the date of this MD&A had completed the following drilling:

- A total of 13 surface drill holes which successfully extended the existing SEC compliant underground reserve 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. To the date of this MD&A, assays for eight holes had been received. The results of this drilling were communicated in press releases dated March 16 and June 8, 2011 and included intercepts of 33.00 g/t over 2.2 meters in hole GC-11-2, 14.93 g/t in hole GC-11-3, and 6.25 g/t over 4.4 meters in hole GC-11-01, which focused on a 230 meter gap between the Idaho reserve and the Katie-Dora area, which is largely unexplored and in which no drilling has ever been done.
- 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.

Surface drilling conditions earlier in the year prevented any significant work from being done to establish an open pit resource on the property. With the completion of spring break-up in the area, New Jersey Mining, the operator, has one surface drill on site at the date of this MD&A and a second drill will commence work on site on June 20 with the intention of completing a surface drilling program of at least 56 holes to delineate an initial open pit resource by the end of the year. Micon International also conducted a site visit during May 2011 in preparation for the resource estimate work and accompanying NI 43-101 technical report.

5) OUTLOOK

The bulk of our Canadian exploration efforts will be focused on Valentine Lake in 2011. For the remainder of the year, we expect to complete an updated mineral resource estimate based on drilling completed to March 31, 2011, which we expect to issue in June 2011; complete the remainder of the drilling program we announced in January 2011 and incorporate the results of the program in an updated resource for the Leprechaun deposit and initial resources for the Valentine East and Sprite zones; begin environmental baseline studies; and prepare for a preliminary economic assessment, which we expect to complete in the first quarter of 2012.

At Golden Chest, the pace of work has accelerated and should progress more quickly following spring break-up. We expect to incorporate the results of drilling on that property into an updated mineral reserve and an initial NI43-101 compliant mineral resource estimate prior to the end of the year.

At Baie Verte, we plan to complete a 1,500 meter drilling program in the second half of the year. Similarly, we will carry out a modest program of ground work at Finger Pond. This work, which is necessary to retain our interest in the property, will be completed in the summer.

6) RESULTS OF OPERATIONS

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

	Three months ended March 31	
	2011	2010
	$	$
Expenses:		
Exploration expenses	**6,187**	4,982
General and administrative expenses	**435,422**	235,410
Total expenses	**441,609**	240,392
Interest income	**(77)**	(5,452)
Unrealized gain on warrant derivatives	**(14,782)**	-
Foreign exchange gain (loss)	**(90)**	-
Loss for the period	**426,660**	234,940

The level of exploration expenses in 2011 and 2010 reflects the decision of management to focus Marathon's resources on the Valentine Lake and Golden Chest properties. The increase in reported administrative expenses in 2011 compared to 2010 is primarily the result of allocating 52% of shared MPGM expenses to Marathon in 2010, as described in note 6 of the interim consolidated financial statements.

The derivation of the reported consolidated results of operations of Marathon for the period ended March 31, 2010 is detailed in note 6 to the consolidated financial statements and is based on allocations of shared MPGM administrative costs which were been 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. The reported summarized results for 2010 are reported under IFRS, while the results for 2009 were prepared under CGAAP.

	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Statement of Operations and Comprehensive Loss:								
Exploration expenses	6	9	6	1	5	49	73	41
General and administrative expenses	435	1,366	183	238	447	65	24	40
Operating loss	441	1,375	189	239	452	114	97	81
Other (income) loss	(14)	(158)	(9)	(8)	(5)	(2)	(1)	(1)
Loss for the period	427	1,217	180	231	447	112	96	80
Balance Sheet:								
Cash, cash equivalents and short term investments	7,606	7,583	-	-	-	-	-	-
Working capital	7,183	7,881	-	-	-	-	-	-
Mineral exploration and evaluation assets	9,007	4,642	3,391	1,681	1,014	-	-	-
Statement of Cash Flows:								
Cash flows from financing activities	4,066	9,321	-	-	-	-	-	-

As mentioned above, the reported administrative expense amounts in all periods prior to Q4 of 2010 are based on allocations of shared expenses incurred originally by MPGM. The significant increase in administrative expenses in 2010 compared to 2009 is due to the allocation of a much greater share of MPGM's expenses in 2010.

8) CAPITAL, LIQUIDITY AND GOING CONCERN

Cash at March 31, 2011 amounted to $7,606,295. Our working capital at March 31, 2011 was $7,183,847.

Our consolidated financial statements are prepared on a going concern basis. The appropriateness of this approach is discussed in detail in note 1 to these financial statements.

In the period ended March 31, 2011 Marathon incurred an operating loss of $396,882, excluding non-cash charges for depreciation and stock based compensation. Marathon funded its operations in the period through the use of existing cash reserves and from a subsequent private placement of flow-through common shares which closed on March 1, 2011, generating net cash proceeds of $4,099,577.

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 reserves to fund its planned exploration and investment activities and administrative costs to the end of 2011 but will require additional financings to move Valentine Lake and Golden Chest toward production. 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 is no assurance that Marathon will continue to be able to raise cash flow in the future.

9) CAPITAL ACTIVITIES

On March 1, 2011 we closed a brokered private placement of 2,528,500 flow-through common shares that generated net cash proceeds of $4,099,577. These funds will be used exclusively to fund exploration on Marathon's Canadian exploration properties.

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 period ended March 31, 2011, we awarded a total of 50,000 options to an external consultant. These options were granted with immediate vesting.

No options were exercised during the period.

11) FULLY DILUTED SHARE CAPITAL

	Number of shares
Common shares	22,915,928
Unexercised stock options	1,820,000
Unexercised broker warrants	176,995
Fully diluted share capital – June 14, 2011	**24,912,923**

12) OFF-BALANCE SHEET ARRANGEMENTS

We had no off balance sheet arrangements as at March 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) We engage Marathon's chairman to provide administrative, financial, and public relations services pursuant to a renewable consulting agreement for these services. The value of such services was determined by negotiations between the related parties and the compensation committee of the board of directors based on a review of amounts charged by third parties for similar services. Payment in respect of such services is not in excess of market value.

   In the period ended March 31, 2011, we paid $29,874 for these services.

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 financial statements prepared under IFRS are the interim financial statements for the three months ended March 31, 2011, which include full disclosure of its 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 which are set out in Note 20.

Impact of IFRS on the Company

The conversion to IFRS impacts the way the Company presents its financial results. The Company has prepared and trained its employees and directors to ensure an appropriate understanding of IFRS during the transition process. The impact of the conversion to IFRS on the Company's accounting systems has been minimal as the Company is still in the exploration and evaluation stage without the requirement of complex accounting and financial reporting systems. Marathon's internal and disclosure control processes, as currently designed, have not required significant modifications as a result of its conversion to IFRS.

First Time Adoption of IFRS

IFRS 1, First Time Adoption of IFRS, provides for certain mandatory exceptions and optional exemptions for the first time adopters of IFRS. The Company did not avail itself of any of the optional exemptions available under IFRS 1.

Significant differences between IFRS and Canadian GAAP in the Company's financial statements

Share Based Payments

IFRS and Canadian GAAP are largely converged on the accounting treatment for share-based transactions with only a few differences: specifically, the requirement to treat options issued with graded vesting as separate grants, each valued separately and amortized according to the vesting period, and the requirement to estimate forfeiture rates at the time of grant, rather than to account for forfeitures of unvested options as the forfeitures occur. Marathon's practice since inception has been to issue options with immediate vesting, and accordingly the adoption of IFRS had no effect on the value of stock based compensation.

Mineral Exploration and Evaluation Assets

The Company's accounting policy under CGAAP was to capitalize acquisition, exploration and development expenditures relating to properties with existing mineral resources or reserves or viewed by management as extensions of properties with existing mineral resources or reserves. IFRS 6 permits Marathon to continue this practice, and we have elected not to change our accounting policy with regard to mineral exploration and evaluation assets.

Property, Plant and Equipment

Property, Plant and Equipment ("PP&E") can be measured at fair value or at cost under IFRS, while under CGAAP, PP&E was required to be carried on a cost basis and revaluations were prohibited. Management decided to adopt the cost model for both initial and subsequent recognition as the accounting policy for all classes of assets. As a result there is no impact on the adoption of IFRS on the Company's financial statements.

Where individual assets have identifiable components with different useful economic lives or which provide benefits over difference systematic bases of usage or consumption, IAS 16 "Property, Plant and Equipment" requires entities to componentize assets and depreciate each significant component separately according to a basis that is appropriate to that component. Based on management's evaluation, there is no impact arising from this requirement on depreciation charged on Marathon's assets since inception.

Foreign Currency

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" and the entity's financial results and position should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of Marathon and the presentation currency of the group is the Canadian dollar, while the functional currency of Marathon USA is the US dollar. The changes to the methodology used to translate the financial statements of Marathon USA at December 31, 2010 gave rise to a decrease in the carrying value of the group's interest in GCLLC of $18,500, which was treated as other comprehensive income.

As Marathon's projects progress and the underlying transactions, events and conditions relevant to the entities change, we will re-consider the primary and secondary indicators described in IAS 21 in determining the functional currency for each entity. Circumstances which could result in changes to Marathon's functional currency include:

- A decision to focus the majority of Marathon's exploration and evaluation resources on properties in the United States or other countries
- The commencement of construction on a project following a production decision
- The attainment of commercial production from any of Marathon's existing or future projects

At that time management will assess the appropriate functional currency based on existing circumstances which may have a significant impact on the Company's consolidated financial statements prepared under IFRS.

16) FUTURE ACCOUNTING PRONOUNCEMENTS

In May 2011, the IASB issued the following standards which have not yet been adopted by Marathon: IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9 Financial Instruments: Classification and Measurement -

IFRS 9, effective for annual periods beginning on or after January 1, 2013 introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013 and does not consider the effect of the changes will have a significant impact.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it 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 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

The Company has not yet assessed the impact of the standards or determined whether it will adopt the standard early.

IFRS 11 - Joint Arrangements

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 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13 - Fair Value Measurement

IFRS 13 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 in many cases does not reflect a clear measurement basis or consistent disclosures.

The Company has not yet assessed the impact of the standards or determined whether it will adopt the standard early.

International Accounting Standard 28, Investments in Associates and Joint Ventures (IAS 28)

In addition, there have been amendments to existing standards, including IAS 28, Investments in Associates and Joint Ventures. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 11 – 13 which are discussed above.

The Company will assess the impact of the amendment in conjunction with assessments made for IFRS 11-3.

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 March 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 March 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

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.

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.

20) ADDITIONAL INFORMATION

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

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

(Signed) “James Kirke”
James Kirke
Chief Financial Officer