

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered under this short form prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and, except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person (as that term is defined in Regulation S under the U.S. Securities Act). This short form prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Marathon PGM Corporation at 330 Bay Street, Suite 1505, Toronto, Ontario, M5H 2S8, Telephone 416-861-0851 and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

March 31, 2008



\$20,010,000
4,350,000 Units

This short form prospectus qualifies the distribution (the "**Offering**") of an aggregate of 4,350,000 units (the "**Units**") of Marathon PGM Corporation ("**Marathon**" or the "**Corporation**") at a price of \$4.60 per Unit (the "**Unit Issue Price**"), each Unit consisting of one Offered Share (as defined herein) and one-half of one Common Share (as defined herein) purchase warrant, each whole Common Share purchase warrant (a "**Warrant**") entitling the holder to purchase one Common Share (a "**Warrant Share**") at a price of \$6.00 at any time following the Closing (as defined herein) until 5:00 p.m. (Toronto time) on the date which is twenty-four months following the Closing.

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "MAR". On March 28, 2008, the closing price of the Common Shares on the TSX was \$4.29. The Corporation has applied to list the Offered Shares and Warrants to be distributed under this short form prospectus and the Warrant Shares issuable upon exercise of the Warrants on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX, including meeting the minimum public distribution requirements of the TSX in the case of the Warrants. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants.** The Units will be separable into Offered Shares and Warrants immediately following Closing. The offering price of the Units offered under this short form prospectus was determined by negotiation between the Corporation and the Underwriters (as defined herein).

Marathon's head office and registered office is located at 330 Bay Street, Suite 1505, Toronto, Ontario, M5H 2S8.

Price: \$4.60 per Unit

	Price to the Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to the Corporation ⁽²⁾⁽⁴⁾
Per Unit.....	\$4.60 ⁽³⁾	\$0.28	\$4.32
Total Offering	\$20,010,000	\$1,200,600	\$18,809,400

Notes:

- (1) In consideration for the services rendered by the Underwriters in connection with the Offering, the Corporation has agreed to pay the Underwriters a cash fee equal to 6.0% of the gross proceeds of the Offering, including gross proceeds realized from the sale of any Additional Shares and Additional Warrants (defined below)

issued pursuant to the Over-Allotment Option (defined below). See "Plan of Distribution".

- (2) After deducting the Underwriters' fee but before deducting expenses of the Offering estimated to be \$500,000, which will be paid from the general funds of the Corporation.
- (3) Of the Unit Issue Price, the Corporation will allocate \$4.10 to each Offered Share and \$0.50 to each one-half of one Warrant.
- (4) The Corporation has granted the Underwriters an over-allotment option (the "**Over-Allotment Option**") exercisable, in whole or in part, in the sole discretion of the Underwriters at any time up to 30 days following the Closing, under which the Underwriters may purchase additional Offered Shares (the "**Additional Shares**") and/or Warrants (the "**Additional Warrants**") representing, in the aggregate, 15% of the Offering, to cover over-allotments, if any, and for market stabilization purposes. (The Additional Shares and Additional Warrants are collectively referred to as "**Additional Units**"). The aggregate number of Additional Shares and Additional Warrants to be issued under the Over-Allotment Option shall not exceed, respectively, 652,500 Additional Shares at a price of \$4.32 and 326,250 Additional Warrants at a price of \$0.56, provided that the number of Warrants that the Underwriters may purchase on exercise of the Over-Allotment Option shall not exceed a number equal to one-half of the aggregate number of Common Shares, if any, purchased by the Underwriters in the secondary market to cover over-allotments and the number of Common Shares acquired on exercise of the Over-Allotment Option. While the Over-Allotment Option to purchase Additional Units must be exercised within 30 days of Closing, once purchased, the Additional Warrants, like the Warrants, are each exercisable within 24 months from the date of Closing into one Common Share at an exercise price of \$6.00. The grant of the Over-Allotment Option and the Additional Units issuable upon exercise of the Over-Allotment Option are qualified for distribution under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to the Corporation (before payment of the expenses of the Offering) will be \$23,011,500, \$1,380,690 and \$21,630,810, respectively. See "Plan of Distribution" and the table below:

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	652,500 Additional Units	Up to 30 days from Closing	\$4.60

The Units will be issued and sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated as of March 31, 2008 among the Corporation, TD Securities Inc. and Blackmont Capital Inc. (collectively, the "**Underwriters**").

The Underwriters, as principals, conditionally offer the Units (including any Additional Units which may be issued upon exercise of the Over-Allotment Option), subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by Fogler, Rubinoff LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering (the "**Closing**") will occur on or about April 17, 2008 or such other date as the Corporation and the Underwriters may agree, but in any event no later than May 12, 2008. Definitive certificates representing the Offered Shares and Warrants comprising the Units will be available for delivery at the Closing. Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares and Warrants at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

An investment in the Units is subject to certain risks. Prospective investors should carefully consider the risk factors described in this short form prospectus under "Forward-Looking Statements" and "Risk Factors". There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants. This may affect the pricing of the Warrants, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. The Corporation has agreed to use its commercially reasonable best efforts to list the Warrants on the TSX.

TABLE OF CONTENTS

	<u>Page</u>
FORWARD-LOOKING STATEMENTS	1
DOCUMENTS INCORPORATED BY REFERENCE.....	3
ELIGIBILITY FOR INVESTMENT	4
THE CORPORATION	5
CAPITALIZATION	6
DESCRIPTION OF SECURITIES BEING DISTRIBUTED	7
USE OF PROCEEDS	9
PLAN OF DISTRIBUTION	10
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	12
RISK FACTORS	14
LEGAL MATTERS.....	14
INTEREST OF EXPERTS	14
PRIOR SALES	15
PRICE RANGE AND TRADING VOLUMES.....	16
SIGNIFICANT PROPOSED ACQUISITION.....	16
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	20
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	20
GLOSSARY	21
AUDITORS' CONSENT	22
CERTIFICATE OF THE CORPORATION.....	1
CERTIFICATE OF THE UNDERWRITERS	2
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS.....	1

You should rely only on the information contained or incorporated by reference in this short form prospectus. Marathon has not authorized any person to provide you with different information. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus.

All capitalized terms used in this short form prospectus but not otherwise defined have the meanings set forth under "Glossary".

All references in this short form prospectus to "dollars" or "\$" are to Canadian dollars, unless otherwise noted.

All references to Common Shares shall also refer to the associated Common Share purchase rights issued pursuant to Marathon's shareholders' rights plan.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain "forward-looking statements". Such forward-looking statements include, but are not limited to, statements about drill results, commodity prices and core intersection lengths, in that they constitute estimates, based on certain assumptions of mineralization that may be encountered if a deposit were to be mined. In some cases, forward-looking statements can be identified by the use of words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved or other variations of these words or phrases, or other comparable words or phrases. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Marathon may be affected by numerous factors which are beyond the control of Marathon and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in Marathon not receiving an adequate return of investment capital.

The Marathon PGM-Cu Project is in the development stage, and the property is at the resource stage and requires the successful completion of a feasibility study to determine the existence of ore reserves. Development of the Marathon PGM-Cu Project into a producing mine will follow only if commodity prices provide for economic project development viability. The Bird River Sill project and the Steel Mountain project are in the exploration stage, and there is no assurance that exploration and development work on these properties will result in the establishment of mineral resources or reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Marathon's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Marathon's operations will, in part, be directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations, or that funds required for development can be obtained on a timely basis.

Additional Financing

Marathon has no source of operating income and no assurance that additional funding will be available to it for further exploration and development of its projects. Although Marathon has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that Marathon will be able to obtain sufficient financing in the future to execute its business plan with respect to its mineral properties.

Fluctuating Commodity Prices

Marathon's revenues, if any, will be derived from the sale of palladium, platinum, and copper and to a lesser extent, gold and silver. The price of these commodities has fluctuated widely in recent years and is affected by factors beyond the control of Marathon. Such factors include but are not limited to: international economic and political trends; currency exchange fluctuations; economic inflation and expectations for the level of economic inflation in the consuming economies; interest rates; global and local economic health and trends; speculative activities and changes in the supply of gold due to new mine developments; mine closures as well as advances in various production; and use by technologies of gold. All of these factors will have impacts on the viability of Marathon's exploration projects that are impossible to predict with certainty. In the last five years the price of palladium has fluctuated between approximately US\$148 and US\$568 per ounce. The price of platinum has fluctuated between approximately US\$603 and US\$2,273 per ounce and copper between approximately US\$0.61 and US\$3.98 per pound.

Title

No assurances can be given that title defects to Marathon's properties do not exist. The properties may be subject to prior unregistered agreements, interests or native land claims and title may be affected by undetected defects. If title defects do exist, it is possible that Marathon may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates. There is no guarantee that title to the properties will not be challenged or impugned. While, to the best of Marathon's knowledge, title to its properties is in good standing, this should not be construed as a guarantee of title. In Canada, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the government.

Limited Operating History

Marathon has no history of earnings. There are no known commercial quantities of mineral deposits on either of Marathon's properties. Marathon has earned no revenue since commencing operations and has no source of operating cash flow, and there is no assurance that additional funding will be available to it for exploration and development. Furthermore, additional financing will be required to continue the development of the properties even if Marathon's exploration program is successful. There can be no assurance that Marathon will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Property with the possible loss of such property.

Government

Government approvals and permits are currently, and may in the future be, required in connection with Marathon's properties. To the extent such approvals are required and not obtained, Marathon may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on Marathon and cause increases in capital expenditures or production costs or reductions in levels of production or require abandonment or delays in development.

Environment

Marathon's main project is in Ontario, Canada and is subject to extensive federal, provincial and local governmental regulations, which can be revised or expanded at any time. Generally, compliance with these regulations requires Marathon to obtain permits issued by federal, provincial and local regulatory agencies. Certain permits require periodic renewal or review of the conditions. Marathon cannot predict whether it will be able to obtain or renew such permits or whether material changes in the permit conditions will be imposed. The inability to obtain or renew permits, or the

imposition of additional conditions, could have a material adverse effect on Marathon's ability to develop or operate this Property. Environmental laws and regulations to which Marathon is subject as it progresses from a development stage to an operation stage mandate additional concerns and requirements. Failure to comply with applicable laws, regulations and permits can result in injunctive actions, damages and civil and criminal penalties. The laws and regulations applicable to Marathon's activities change frequently and it is not possible to predict the potential impact on Marathon from any such future changes.

Competition

The mining industry is intensely competitive in all of its phases, and Marathon competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect Marathon's ability to attract appropriately skilled labour and to acquire suitable properties or prospects in the future.

Management

The success of Marathon is currently largely dependent on the performance of its officers. The loss of the services of these persons will have a material adverse effect on Marathon's business and prospects. There is no assurance Marathon can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse affect on Marathon and its prospects.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks, and Marathon may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Marathon.

as well as those factors discussed in the section entitled "Risk Factors" set forth on pages 12 to 14 of Marathon's AIF (as defined below).

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements made in a document incorporated by reference in this short form prospectus are made as at the date of the original document, and have not been updated by the Corporation except as expressly provided for in this short form prospectus. Except as required under applicable securities legislation, the Corporation undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Marathon at 330 Bay Street, Suite 1505, Toronto, Ontario, M5H 2S8 (Telephone 416-861-0851) and are also available electronically at www.sedar.com.

The following documents of Marathon, which have been filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the annual information form (the "AIF") dated March 19, 2008 for the year ended December 31, 2007;

- (b) the audited comparative financial statements and the notes thereto for the financial years ended December 31, 2007 and 2006, together with the auditors' report thereon dated March 19, 2008;
- (c) management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2007;
- (d) the audited comparative financial statements and the notes thereto for the financial years ended December 31, 2006 and 2005, together with the auditors' report thereon dated March 19, 2007;
- (e) management proxy circular dated April 30, 2007 for Marathon's annual meeting of shareholders held on May 31, 2007;
- (f) material change report dated February 20, 2008 announcing that Marathon intended to make an offer to purchase, all of the outstanding common shares of Discovery PGM Exploration Ltd. ("**Discovery**") on the basis of 0.0794 of a common share of Marathon for each common share of Discovery outstanding; and
- (g) material change report dated March 27, 2008 announcing the Offering.

Any documents of the types referred to above (excluding confidential material change reports), or other disclosure documents required to be incorporated by reference into a prospectus filed under National Instrument 44-101 that are filed by Marathon with the securities commissions and other similar authorities in Canada after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference herein and form an integral part of this short form prospectus. The documents incorporated or deemed to be incorporated by reference herein contain meaningful and material information relating to the Corporation and the readers should review all information contained in this short form prospectus and the documents incorporated by reference.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fogler, Rubinoff LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**"), provided the Common Shares are listed on a designated stock exchange as defined by the Tax Act (which includes the TSX) as of the date of this prospectus, and provided further, in the case of the Warrants, that either the Corporation deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, a Deferred Income Plan (as defined below) or the Warrants are listed on a designated stock exchange, the Common Shares and Warrants will, if issued on the date hereof, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and deferred profit sharing plans (collectively, the "**Deferred Income Plans**").

THE CORPORATION

The principal business of the Corporation is the acquisition, exploration and development of mineral resource projects.

The Corporation was formed in 2003 initially to acquire the Marathon PGM-Cu Project, located near Marathon, Ontario, from Fleck Resources Inc., a subsidiary of Polymet Mining Corp. The Corporation holds a 100% interest in the Marathon PGM-Cu Project. The Marathon PGM-Cu Project consists of four Crown leases and 30 unpatented mining claims covering a total of 5,411 hectares. Although the Corporation's exploration and development efforts to date have been focused on this property, the Corporation intends to seek and acquire additional properties with the potential to host large platinum group minerals deposits.

Marathon has made a number of strategic acquisitions in the past 12 months. In October 2007, Marathon entered into an option and joint venture agreement pursuant to which it may acquire up to a 100% interest in the Ore Fault and Lotus Claims owned by Bird River Mines Inc. in the prospective Bird River Sill region of south-eastern Manitoba, Canada. Certain adjacent claims in the Bird River Sill are also under option to Marathon pursuant to another option and joint venture agreement entered into between Marathon and Gossan Resources Limited. On August 13, 2007, Marathon entered into an option agreement pursuant to which it may acquire up to a 100% interest in the Steel Mountain PGM-Ni-Cu property located in western Newfoundland. On February 20, 2008, Marathon entered into an option and joint venture agreement with North Range Resources Ltd. pursuant to which it may acquire up to a 75% ownership interest in the Tim's Brook property, comprising 8,660 acres in a region of western Newfoundland characterized by an orogenic (mesothermal) lode gold-silver quartz vein deposit type containing high grade gold, surrounded by the Steel Mountain property. On March 11, 2008, Marathon entered into an option and joint venture agreement with Benton Resources Corp., whereby Marathon will be able to earn up to a 60% ownership interest in the Bamooos - Claw Lake - Four Dam property (the "**BCF Property**"). The BCF Property covers 2,248 hectares and is located on the northern margin of the Marathon PGM-Cu Property in north-western Ontario.

Marathon announced on March 31, 2008 that it has signed a Memorandum of Understanding ("**MOU**") with the Pic Mobert First Nation ("**PMFN**"), which sets out the manner both parties will cooperate in the planned construction of a mine at Marathon's PGM-Cu Project. Marathon's relationship with the PMFN was established in 2007. The MOU will serve as a basis to guide consultation towards the establishment of an Impact and Benefits Agreement ("**IBA**") between PMFN and Marathon. The MOU mutually recognizes the respective rights of Marathon and the PMFN on the mineral claims and leases held by Marathon. The MOU also sets out the basis for Marathon and PMFN to work together to reach an IBA that will be based on principles of mutual respect, good faith and meaningful consultation.

More detailed information regarding the Corporation, its operations and its properties can be found in the AIF and other publicly filed documents which are incorporated herein by reference. See "Documents Incorporated by Reference".

CAPITALIZATION

The following table sets forth the Corporation's capitalization as at the dates of the most recent financial statements filed by the Corporation, being December 31, 2007, after giving effect to the Offering. The table should be read in conjunction with the financial statements of the Corporation, including the notes thereto, incorporated by reference in this short form prospectus.

	As at December 31, 2007 (dollars)	As at December 31, 2007 after giving effect to the Offering⁽²⁾⁽³⁾ (dollars)
	(audited)	(unaudited)
Shareholders' equity		
Common Shares⁽¹⁾	\$30,221,780	\$48,056,780
<i>Authorized - Unlimited</i>	(21,746,653 shares)	(26,096,653 shares)
Warrants	\$1,042,176	\$3,217,176
	(1,175,512 warrants exercisable into 1,175,512 Common Shares)	(3,350,512 warrants exercisable into 3,350,512 Common Shares)
Contributed surplus	\$2,438,848	\$2,438,848
	(1,982,000 options exercisable into 1,982,000 Common Shares)	(1,982,000 options exercisable into 1,982,000 Common Shares)
Deficit	(\$5,417,098)	(\$5,417,098)
	<u>\$28,285,706</u>	<u>\$48,295,706</u>

Notes:

- (1) After giving effect to the Offering (assuming no exercise of the Over-Allotment Option) but before deducting any of the Corporation's expenses of the Offering, estimated to be \$500,000, or the Underwriters' fee in respect of the Offering. See "Plan of Distribution".
- (2) Does not include Common Shares issuable on exercise of the Warrants. See "Plan of Distribution".
- (3) Includes that portion of the Unit Issue Price allocated to the one-half of a Warrant (\$0.50). This allocation is not binding on the tax authorities.

There have been no material changes in the share capitalization of the Corporation since December 31, 2007, other than an aggregate of 158,000 Common Shares were issued from January 1, 2008 to March 28, 2008 pursuant (i) to the exercise of 38,000 outstanding stock options under the Corporation's stock option plan; and (ii) the issuance of 120,000 Common Shares to Benton Resources Corp. in connection with entering into an option and joint venture agreement dated March 11, 2008 to acquire an interest in the BCF Property. In addition, from January 1, 2008 to March 28, 2008 a total of 105,000 stock options were issued under the Corporation's stock option plan.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares, of which, at March 28, 2008, 21,904,653 Common Shares were issued and outstanding.

Holders of Common Shares are entitled to receive on a *pro rata* basis dividends if, as and when declared by the board of directors of the Corporation, subject to the prior rights of the holders of any shares ranking senior to the Common Shares in the payment of dividends. In the event of the dissolution, liquidation or winding-up of the Corporation, the holders of the Common Shares, subject to the prior rights of the holders of any shares ranking senior to the Common Shares with respect to priority in the distribution of the property and assets of the Corporation upon dissolution, liquidation or winding-up, will be entitled to receive on a *pro rata* basis the remaining property and assets of the Corporation. Holders of Common Shares are entitled to receive notice of, attend and vote at any meeting of the Corporation's shareholders, except meetings where only the holders of another class or series of shares are entitled to vote separately as a class or series. The Common Shares carry one vote per share.

Shareholders' Rights Plan

On April 21, 2005, the Corporation adopted a shareholder rights plan, which was approved by shareholders at the Corporation's annual general and special meeting held on May 25, 2005. The plan has a term of 10 years and is subject to further confirmation by the shareholders at annual general meetings to be held in 2008 and 2011.

Each Common Share has one right attached. The purpose of the plan is to ensure that all shareholders are treated equally in the event of an unsolicited take-over bid for the Corporation.

Warrants

The Warrants will be issued in registered form pursuant to, and will be governed by, the terms of a warrant indenture (the "**Warrant Indenture**") entered into between Marathon and CIBC Mellon Trust Company, as warrant agent (the "**Warrant Agent**") to be dated as of the date of Closing. Each whole Warrant will entitle the holder thereof to purchase one Common Share, subject to adjustment in certain circumstances, at a price of \$6.00 per Common Share at any time at or prior to 5:00 p.m. (Toronto time) on the date that is 24 months following the date of Closing at which time the Warrants will become null and void.

Marathon will appoint the principal transfer office of the Warrant Agent in Toronto as the location at which the Warrants may be surrendered for exercise, transfer or exchange.

The exercise price and the number of the Common Shares issuable upon exercise of the Warrants will be subject to adjustment in certain circumstances as more fully described below. Pursuant to the terms of the Warrant Indenture, Marathon will be entitled to purchase in the market, by private contract or otherwise, any or all of the Warrants then outstanding, and any Warrants so purchased will be cancelled. The exercise price for the Warrants will be payable in Canadian dollars.

The Warrant Indenture will provide for adjustment in the number of the Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares as a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of the Warrants);
- (ii) the subdivision, redivision or change of Common Shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a

price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for Common Shares on such record date; and

- (v) the issuance or distribution to all or substantially all of the holders of Common Shares, of shares of any class other than Common Shares rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares of evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security if the following additional events occur: (i) reclassifications of the Common Shares; (ii) consolidations, amalgamations, plans of arrangement or mergers of Marathon with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Common Shares or a change of Common Shares into other shares); or (iii) the transfer of any of Marathon's undertaking or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Common Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Common Shares purchasable upon exercise by at least one one-hundredth of a Common Share.

Marathon will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, Marathon will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Common Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Any subscription for fractional Common Shares will be deemed to be a subscription for the next smallest whole number of Common Shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares or, if any are ever issued, Marathon's preferred shares, would have. From time to time, Marathon and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which is defined in the Warrant Indenture as a resolution either:

- (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or
- (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

The Warrants may not be exercised, nor may Common Shares issuable upon exercise of the Warrants be offered or sold, in the United States unless sold by Marathon to institutional "accredited investors" pursuant to Rule 506 of Regulation D of the U.S. Securities Act. See "Plan of Distribution".

The foregoing is a summary only of the terms of the Warrants and is qualified by the more detailed provisions of the Warrant Indenture. Warrant holders may obtain a copy of the Warrant Indenture upon request from the Corporation.

USE OF PROCEEDS

The net proceeds to Marathon from the Offering, after deducting the Underwriters' fee of \$1,200,600 and the estimated expenses of the Offering of \$500,000 are approximately \$18,309,400 (or approximately \$21,130,810 if the Over-Allotment Option is exercised in full). Marathon intends to use the proceeds of the Offering as follows:

Advancement of the Marathon PGM-Cu Project \$12.0 million

Commitments on the BCF Property \$ 2.0 million

Working capital and general corporate purposes \$ 4.3 million

The majority of the money will be used to advance the Marathon PGM-Cu Project near Marathon, Ontario. Additional metallurgical testing is underway to optimize the recoveries of the platinum group metals. It is thought prudent that a pilot plant test be made in the second quarter when it is available to finalize the metallurgical recoveries to be used in the feasibility study and in the final design of the milling plant. The pilot mill uses drill core which will be collected from some of the 18 km of core stored at the site. The cost of this testing and related work is expected to cost approximately \$1 million.

A permanent access road needs to be constructed. This will require some permitting. The route has been selected and a gravel quarry permitted. It could be in construction in the third quarter and is expected to cost approximately \$1 million.

Major pieces of machinery required for the mine need to be ordered from six months to two years in advance depending on their respective lead times. The item identified as having the longest time is the ball mill which will cost about \$20 million and will require a down payment of \$3 million and additional payments with time. The order for the mill is expected to take place in the third quarter of 2008 once the size for it is determined. It will take over two years before delivery.

The expenditures of \$2 million on the BCF Property are required to be made by March 2009 as part of the agreement to earn into a joint venture on the BCF Property which is located adjacent to the Marathon PGM-Cu Project and is expected to extend mine life and optimize extraction of all of the mineralization in the north end of the planned pit.

The working capital of \$4.3 million will be used for general corporate purposes and to hire additional senior staff to manage the planning and development of the Marathon PGM-Cu Project. The additions will occur after the definitive feasibility study is completed in the third quarter of this year.

In the event that the Over-Allotment Option is exercised, the additional proceeds from the exercise thereof will be used for working capital purposes.

Marathon intends to use the funds as stated in this short form prospectus; however, there may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary or prudent. Accordingly, management of Marathon will have broad discretion in the application of the proceeds of the Offering.

PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of the Underwriting Agreement dated as of March 31, 2008 between Marathon and the Underwriters, the Corporation has agreed to issue and sell an aggregate of 4,350,000 Units to the Underwriters, and the Underwriters have severally agreed to purchase such Units on Closing. Delivery of the Offered Shares and Warrants comprising the Units is conditional upon payment on Closing in cash of \$4.60 per Unit by the Underwriters to the Corporation. The Underwriting Agreement provides that the Corporation will pay the Underwriters' a fee of \$0.28 per Unit for Units issued and sold by the Corporation pursuant to the Offering in consideration for their services in connection with the Offering. The terms of the Offering, including the offering price of the Units were determined by negotiation between the Corporation and the Underwriters in the context of the market.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants. This may affect the pricing of the Warrants, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. The Corporation has agreed to use its commercially reasonable best efforts to list the Warrants on the TSX.

Subscriptions for Units will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing will occur on or about April 17, 2008 or such other date as the Corporation and the Underwriters may agree, but in any event no later than May 12, 2008. Definitive certificates representing the Offered Shares and Warrants comprising the Units will be available for delivery at the Closing.

The Corporation has granted the Underwriters the Over-Allotment Option exercisable, in whole or in part, in the sole discretion of the Underwriters at any time up to 30 days following the Closing, under which the Underwriters may purchase, respectively, 652,500 Additional Shares at a price of \$4.32 per Additional Share and up to 326,250 Additional Warrants at a price of \$0.56 per Additional Warrant, or a combination thereof, provided that the number of Warrants that the Underwriters may purchase on exercise of the Over-Allotment Option shall not exceed a number equal to one-half of the aggregate number of Common Shares, if any, purchased by the Underwriters in the secondary market to cover over-allotments and the number of Common Shares acquired on exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to the Corporation (before payment of the expenses of the price to the public) will be \$23,011,500, \$1,380,690 and \$21,630,810, respectively.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Units which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Units. The Underwriters are, however, obligated to take up and pay for all Units (not including any Units issuable on exercise of the Over-Allotment Option) if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, agents, shareholders and employees against certain liabilities or contribute to payments of such persons which may be required to be made because of these liabilities.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Units ends and all stabilization arrangements relating to the Common Shares are terminated, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restrictions are subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include: (a) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules administered by Market Regulation Services Inc., (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by an Underwriter, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules, and (c) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed that, subject to certain exceptions, it will not issue, agree to issue, or announce an intention to issue any additional Common Shares or any securities convertible into or exchangeable for Common Shares for a period of 90

days subsequent to the date of Closing without the prior written consent of TD Securities Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld.

The Corporation has applied to list the Offered Shares and the Warrants to be distributed under this short form prospectus (including the Additional Shares and the Warrant Shares issuable upon exercise of the Warrants and the Additional Warrants) on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX, including meeting the minimum public distribution requirements of the TSX in the case of the Warrants.

United States Holder Considerations

The Units, the Offered Shares and Warrants comprising the Units, and the Warrant Shares underlying the Warrants have not been registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The terms "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act. The Underwriting Agreement permits the Underwriters to offer the Units for sale by the Corporation to certain institutional accredited investors pursuant to exemptions from registration under the U.S. Securities Act.

As used in the discussion under this heading, "**Offered Shares**" refers to the Common Shares (including Additional Shares, if any) and the Warrant Shares issuable upon the exercise of the Warrants (including Warrants comprised in the Additional Units, if any). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States.

The Underwriters have agreed that, except in certain transactions exempt from the registration requirements of the U.S. Securities Act, they will not offer or sell the Units within the United States or to, or for the account or benefit of, U.S. persons. The Underwriters have further agreed that all offers and sales of the Units will be made in compliance with Rule 903 of Regulation S under the U.S. Securities Act, or in compliance with an exemption from registration thereunder.

In addition, until 40 days after the first date upon which the Offered Shares are *bona fide* offered to the public, a dealer (whether or not participating in this Offering) may be unable to rely on the transactional exemption afforded by Section 4(3) of the U.S. Securities Act with respect to an offer or sale of the Offered Shares; and therefore, may violate the registration provisions of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an exemption from the registration provisions of the U.S. Securities Act.

Certificates representing any Common Shares or Warrants comprising the Units which are sold in the United States or to, or for the account or benefit of, a U.S. person will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or applicable state securities laws and may only be offered or sold pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

None of the Warrants issued in the Offering may be exercised in the United States or by or on behalf of a U.S. person unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available, and the holder thereof has: (i) delivered to the Corporation a written opinion of counsel satisfactory to the Corporation to such effect, and (ii) delivered to the Corporation and to the Warrant agent an Institutional Accredited Investor Certificate in a form acceptable to the Corporation; provided, however, that an original purchaser in the U.S. private placement, upon delivery to the Corporation and to the Warrant Agent of an Institutional Accredited Investor Certificate in a form acceptable to the Corporation, will not be required to deliver an opinion of counsel in connection with the exercise of the Warrants purchased by it in the U.S. private placement by such original purchaser, on its own behalf or on behalf of the original beneficial purchaser of such Warrants.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fogler, Rubinoff LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax consequences generally applicable to a person who acquires Offered Shares, Warrant Shares and Warrants pursuant to this Offering who, for the purposes of the Tax Act, is resident in Canada, holds such securities as capital property and deals at arm's length and is not affiliated with the Corporation or the Underwriters ("**Holder**"). The Offered Shares, Warrant Shares and Warrants will generally be considered to be capital property to a Holder thereof unless either the Holder holds such securities in the course of carrying on a business or the Holder has acquired such securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have their Offered Shares, Warrant Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and in all subsequent years deemed to be capital property. Subsection 39(4) does not apply to deem the Warrants to be capital property. Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) is available and/or advisable in their particular circumstances.

This summary is based upon the current provisions of the Tax Act and the Regulations, counsel's understanding of the current publicly available published administrative policies and assessing practices of the CRA and the Tax Proposals. This summary assumes that the Tax Proposals will be enacted as proposed but does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax considerations. No assurances can be given that the Tax Proposals will be enacted as proposed, if at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary does not apply to the Underwriters or to a Holder that (i) is a "financial institution" within the meaning of the "mark-to-market" rules contained in the Tax Act or a "specified financial institution", (ii) who, at any time, is subject to the "tax shelter" investment rules in the Tax Act, or (iii) who has made a functional currency reporting election under the Tax Act.

The Canadian federal income tax consequences to a particular Holder will vary depending on a number of factors, including the province where a particular Holder resides, carries on business or has a permanent. The following discussion of the income tax consequences is, therefore, of a general nature only and is not exhaustive of all the income tax consequences and is not intended to constitute income tax advice to any particular Holder. Accordingly, Holders should consult their own income tax advisors.

Acquisition of Offered Shares and Warrants

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Offered Shares and the one-half of one Warrant to determine the cost of each for purposes of the Tax Act. For its purposes, the Corporation intends to allocate \$4.10 of the issue price of each Unit as consideration for the issue of each Offered Share and \$0.50 of the issue price of each Unit for the issue of each one-half of one Warrant. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or any other tax authority. The Holder's adjusted cost base of the Offered Share comprising a part of each Unit will be determined by averaging the cost allocated to the Offered Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Disposition and Expiry of Warrants

A disposition or deemed disposition by a Holder of a Warrant (other than upon the exercise or expiry thereof) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Holder's adjusted cost base of the Warrants. In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

Dividends

Dividends, if any, received or deemed to be received on the Offered Shares will be included in computing the Holder's income. In the case of an individual Holder, such dividends will be subject to the gross-up and dividend tax credit rules applicable in respect of taxable dividends received from taxable Canadian corporations (as defined in the Tax Act) including the enhanced gross-up and dividend tax credit in respect of "eligible dividends" designated by the Corporation. Dividends received by a Holder that is a corporation on the Offered Shares must be included in computing its income but generally will be deductible in computing its taxable income.

Private corporations (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a 33-1/3% refundable tax under Part IV of the Tax Act on dividends to the extent such dividends are deductible in computing taxable income.

A Holder that is an individual (other than certain types of trusts), that receives or is deemed to receive taxable dividends on the Common Shares may realize an increase in the Holder's liability for alternative minimum tax under the Tax Act.

Disposition of Offered Share or Warrant Share

A disposition (or a deemed disposition) of an Offered Share or Warrant Share by a Holder generally will result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Holder. The tax treatment of capital gains and losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

Capital Gains and Capital Losses

Generally, one-half of any capital gain will be included in income as a taxable capital gain and one half of any capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of Offered Shares to a Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares (or that is itself a member of a partnership or a beneficiary of a trust that owns such shares).

A Holder that is throughout the relevant taxation year a "Canadian controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6-2/3% on its "aggregate investment income" for the year which will include taxable capital gains.

Individuals (other than certain trusts) may have an increased liability to alternative minimum tax under the Tax Act as a result of capital gains realized on the disposition of Common Shares or Warrants.

RISK FACTORS

Prospective purchasers of Units should carefully consider the risk factors set out under the heading "Forward Looking Statements" and on pages 12 to 14 of the AIF incorporated herein by reference, as well as the other information contained in this short form prospectus and documents incorporated by reference herein, including the historical financial statements of the Corporation and the notes thereto before making an investment decision to purchase Units. See "Documents Incorporated by Reference". These risk factors include the risks associated with exploration and development, additional financing, fluctuating commodity prices, title to property, the limited operating history of the Corporation, government approvals and permits, environmental laws, competition, management and uninsurable risks, among others. Such risk factors could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation.

LEGAL MATTERS

Certain legal matters relating to the Offering and to the Units to be distributed pursuant to this short form prospectus will be passed upon by Fogler, Rubinoff LLP, with respect to Canadian legal matters, and by Solomon Pearl Blum Heymann & Stich LLP, with respect to United States legal matters, on behalf of the Corporation and by Fasken Martineau DuMoulin LLP, with respect to Canadian legal matters on behalf of the Underwriters.

INTEREST OF EXPERTS

As at the date hereof, the partners and associates of Fogler, Rubinoff LLP, as a group, own, directly or indirectly, less than 1% of the Common Shares and the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own, directly or indirectly, less than 1% of the Common Shares. Further, as of the date hereof, P&E Mining Consultants Inc., which has prepared technical reports in respect of the Marathon PGM-Cu Project, nor any of its "designated professionals" (as defined in Form 51-102F2 – *Annual Information Form* of the Canadian securities regulatory authorities), own, directly or indirectly, any of the Common Shares.

None of the aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned persons received or has received a direct or indirect interest in a property of the Corporation or any associate or affiliate of the Corporation.

None of the aforementioned persons, nor any director, officer, employee or partner, as applicable, of the aforementioned persons is currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

PRIOR SALES

In the past 12 months, the Corporation has issued the following securities:

Date of Offering	Security Offered	Price per Security (\$)	Approximate Gross Proceeds (\$)
April 12, 2007	5,000 Common Shares	0.25	1,250
April 12, 2007	50,000 Common Shares	1.50	75,000
April 17, 2007	500 Common Shares	4.00	2,000
April 25, 2007	5,000 Common Shares	3.75	18,750
April 27, 2007	1,500 Common Shares	4.00	6,000
May 1, 2007	5,000 Common Shares	1.50	7,500
May 8, 2007	10,000 Common Shares	3.63	36,300
May 9, 2007	31,496 Common Shares	3.50	110,236
May 9, 2007	15,748 Common Shares	4.00	62,992
May 9, 2007	37,500 Common Shares	5.00	187,500
May 15, 2007	5,000 Common Shares	3.62	18,100
June 21, 2007	300,000 Common Shares	5.00	1,500,000
June 22, 2007	10,000 Common Shares	1.50	15,000
June 26, 2007	800 Common Shares	4.00	3,200
June 28, 2007	350 Common Shares	4.00	1,400
August 7, 2007	150,000 Stock Options	6.45	-
August 8, 2007	3,000 Common Shares	1.50	4,500
September 12, 2007	3,000 Common Shares	1.50	4,500
October 5, 2007	3,000 Common Shares	1.50	4,500
November 15, 2007	1,083,333 flow-through shares	6.00	6,499,998
November 15, 2007	75,833 broker warrants ⁽¹⁾	deemed 2.76	209,645
December 17, 2007	2,000 Common Shares	1.50	3,000
January 7, 2008	10,000 Common Shares	1.90	19,000
January 16, 2008	2,000 Common Shares	1.50	3,000
January 28, 2008	10,000 Common Shares	1.50	15,000
January 30, 2008	10,000 Common Shares	3.75	37,500
February 4, 2008	2,000 Common Shares	1.50	3,000
February 28, 2008	2,000 Common Shares	1.50	3,000
March 5, 2008	105,000 Stock Options	5.17	-
March 20, 2008	2,000 Common Shares	1.50	3,000
March 27, 2008	120,000 Common Shares	deemed 3.63	43,560

Note:

⁽¹⁾ Each broker warrant is exercisable into one Common Share at a price of \$4.85 per share until November 15, 2009.

PRICE RANGE AND TRADING VOLUMES

The Marathon Shares are listed and posted for trading on the TSX under the trading symbol "MAR". The following tables set forth the reported high, low and closing sale prices and the aggregate volume of trading of the Marathon Shares on the TSX during the 12 months preceding the date of the Offer.

	High (\$)	Low (\$)	Close (\$)	Volume (#)
2007				
March.....	6.24	5.40	5.89	861,282
April.....	8.00	5.80	7.84	2,099,356
May.....	8.40	6.56	7.00	1,679,107
June.....	8.25	6.40	7.99	571,529
July.....	8.00	6.51	6.76	438,741
August.....	6.75	4.60	4.80	368,139
September.....	5.45	4.61	4.80	343,124
October.....	5.12	4.65	5.10	613,599
November.....	5.13	4.20	4.65	361,639
December.....	4.75	3.71	3.90	512,248
2008				
January.....	4.60	3.55	4.50	576,189
February.....	5.40	4.35	5.30	1,020,197
March 1-28.....	5.39	4.30	4.39	566,190

Source: TSX Market Data

The closing price of the Marathon Shares on the TSX on March 28, 2008 was \$4.29.

SIGNIFICANT PROPOSED ACQUISITION

Details of Proposed Acquisition

Marathon has entered into a support agreement dated February 19, 2008 pursuant to which it has agreed to make an (the "**Offer**") to purchase all of the outstanding common shares (the "**Discovery Shares**") of Discovery, including any Discovery Shares that may become issued and outstanding after the date of the Offer but prior to the expiry of the Offer upon the conversion, exchange or exercise of any securities of Discovery that are convertible into or exchangeable or exercisable for Discovery Shares, on the basis of 0.0794 of a Common Share in respect of each Discovery Share, subject to adjustment. The Offer is made only for Discovery Shares and is not made for any stock options or common share purchase warrants to acquire Discovery Shares.

The Offer is subject to certain conditions, including, without limitation, (i) that certain officers and directors owning, in the aggregate, approximately 11,878,522 Discovery Shares (the "**Locked-Up Shareholders**") shall have validly deposited under the Offer and not withdrawn all of their Discovery Shares, and (ii) that there shall have been validly deposited under the Offer and not withdrawn prior to the expiry of the Offer that number of Discovery Shares which constitutes at least 66⅔% of the Discovery Shares outstanding (on a fully diluted basis) as at the expiry of the Offer.

It is the Marathon's intention that if it takes up and pays for Discovery Shares deposited under the Offer, it will enter into one or more transactions to enable Marathon or an affiliate of Marathon to acquire all Discovery Shares not acquired pursuant to the Offer. There is no assurance that any such transaction will be completed. In addition, under certain circumstances, the Offeror has an obligation under the terms of the Support Agreement to promptly use reasonable commercial efforts to effect a "compulsory acquisition" or a "subsequent acquisition transaction" in accordance with applicable laws.

Information Relating to Discovery

Discovery owns a 100% interest in certain mineral claims located near Marathon, Ontario known as the Geordie Lake property, which lies 205 kilometres east of Thunder Bay and 14 kilometres north-northwest of the town of Marathon near the north shore of Lake Superior in Northern Ontario, Canada. The Geordie Lake property is comprised of 1,538 hectares, and Discovery's operations at Geordie Lake involve the exploration and development of a palladium and copper project. The claims are subject to a 12.5% back-in right. The original optionors of the property have a right to acquire a 12.5% back-in working interest in the property upon Discovery presenting a feasibility study, which has not yet been presented. In addition, the claims are subject to a 2.5% net smelter royalty payable to the original optionors, which can be reduced to 1.5% after paying \$1,000,000 in royalties.

Discovery also owns a 100% interest in a Crown Grant located near Stewart, British Columbia known as the Gold Reef property. All costs associated with this property have been written off as this property interest is not considered material.

The Discovery Shares are listed on the TSX Venture Exchange under the symbol "PTD".

Discovery is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, and Ontario and files its continuous disclosure documents with the Canadian securities regulatory authorities in these Provinces. The disclosure documents are available at www.sedar.com.

Strategic Rationale for the Offer

Marathon's board of directors strongly believes that the Offer, if successful, will result in value creation for shareholders of both Discovery and Marathon, offering the following benefits and opportunities:

- **Valuation Growth.** The resulting entity should offer opportunities for an improved market valuation due to, among other things: (i) creating a strong platform from which pre-development assets can be brought to production and achieve a higher valuation multiple; (ii) creating an overall, compelling investment opportunity in platinum-group metals exploration and production; and (iii) providing exposure to a broader exploration and development property portfolio.
- **Shared Facilities.** Discovery's Geordie Lake property is approximately 20 km from proposed facilities for the Marathon PGM-Cu property. By owning both properties Marathon can reduce the capital needed to commence production at the Geordie Lake property.
- **Increased Liquidity.** Due to a larger number of shares outstanding, a larger shareholder base and an expected enhanced profile, the resulting entity should have greater trading liquidity than Discovery does currently.
- **Strong, Experienced Technical and Management Teams.** The resulting entity would have a strong, experienced management group supported by a qualified technical team with unique experience in the Canadian platinum-group metals exploration sector.
- **Enhanced Financial Platform.** The resulting entity should have greater flexibility and improved access to financial resources to maximize the value of Marathon and Discovery's existing properties as well as to pursue a broader spectrum of future growth opportunities.
- **Large and Diversified Asset Base.** The resulting entity would benefit from an expanded and diversified asset base consisting of highly prospective production and exploration landholdings in Canada.

Timing of Proposed Acquisition

Marathon anticipates mailing a takeover bid circular in respect of the Offer to the Holders of Discovery Shares on or about April 7, 2008.

Prior Valuations

Not applicable.

Parties to the Proposed Transaction

The proposed acquisition will not involve an informed person, associate or affiliate of Marathon.

Executive Officer

For additional information regarding the proposed acquisition, please contact James Kirke, Vice-President, Finance and Chief Financial Officer of Marathon, at 416-987-0710.

Financial Statements and Effect on Financial Position

The following tables present a summary of certain historical financial information in respect of Marathon and Discovery. The historical information presented for Marathon is derived from the audited financial statements of Marathon as at December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005. Copies of Marathon's financial statements and related notes incorporated herein by reference can be found at www.sedar.com.

The historical information presented for Discovery is derived from the audited financial statements of Discovery as at November 30, 2007 and 2006 and for the years ended November 30, 2007, 2006 and 2005. Copies of Discovery's financial statements and related notes can be found at www.sedar.com.

The tables have been prepared in accordance with Canadian generally accepted accounting principles, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies. The tables also present Marathon's pro forma consolidated financial information after giving effect to Marathon's acquisition of all of the Discovery Shares pursuant to the Offer.

This information is derived from and should be read in conjunction with the financial statements of each of Marathon and Discovery and the related notes to those financial statements. The summary pro forma consolidated financial information set forth below should also be read in conjunction with the Pro Forma Consolidated Financial Statements and the accompanying notes included in this Offer. The pro forma consolidated balance sheet as at December 31, 2007 has been prepared from the audited financial statements of each of Marathon as at December 31, 2007, and Discovery as at November 30, 2007, and gives pro forma effect to the acquisition of Discovery by Marathon as if the transactions had occurred as at December 31, 2007 and the pro forma consolidated statements of operations for the period ended December 31, 2007 for the year ended December 31, 2007 have been prepared from the audited financial statements of Marathon as at December 31, 2007 and Discovery as at November 30, 2007 for the period ended November 30, 2007 as if the transactions had occurred as of January 1, 2007. The pro forma consolidated statement of operations for the period ended December 31, 2007 has been prepared from the audited financial statements of Marathon for the period ended December 31, 2007 and Discovery for the period ended November 30, 2007.

The information in the Pro Forma Consolidated Financial Statements is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon consummation of the transaction contemplated by the Offer will differ from the pro forma information presented below. Marathon is in no way responsible for the financial reporting by Discovery. No attempt has been made to calculate or estimate the effect of harmonization of accounting policies or practices between Marathon and Discovery.

Marathon Summary of Financial Information and Pro Forma Consolidated Financial Information

Statement of Earnings Data	Year Ended December 31			Pro Forma
	2005	2006	2007	Year Ended December 31, 2007
	(in thousands of \$, except per share amounts)			
Revenues	-	-	-	-
Loss before income tax	(1,260)	(2,222)	(2,778)	(3,007)
Future income tax recovery	15	590	573	573
Net loss	(1,245)	(1,632)	(2,205)	(2,434)
Net loss per share	(0.13)	(0.11)	(0.11)	(0.11)
Balance Sheet Data	December 31, 2006		December 31, 2007	Pro Forma December 31, 2007
			(in thousands of \$)	
Cash and cash equivalents	13,011		12,260	12,913
Other current assets	174		644	659
Deferred exploration expenditures	7,933		15,674	30,799
Current liabilities	373		569	985
Total debt	-		-	-
Other non-current liabilities	881		169	3,769
Total shareholders' equity	20,247		28,286	40,067

Discovery Summary of Financial Information

Statement of Earnings Data	Year Ended November 30		
	2005	2006	2007
	(in thousands of \$, except per share amounts)		
Revenues	0	6	17
Net loss	151	299	228
Net loss per share	0.01	0.01	0.01

Balance Sheet Data	November 30, 2006	November 30, 2007
	(in thousands of \$)	
Cash, cash equivalents and short-term deposits	312	37
Other current assets	46	16
Deferred exploration expenditures	1,669	1,794
Current liabilities	375	224
Total debt	375	224
Other non-current liabilities	0	0
Total shareholders' equity	1,651	1,623

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, of Toronto, Ontario.

The transfer agent and registrar for the Common Shares is CIBC Mellon Trust Company at its principal office in the City of Toronto, Ontario.

The Warrant Agent for the Warrants distributed hereunder will be CIBC Mellon Trust Company at its principal office in the City of Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

GLOSSARY

The following terms used in this short form prospectus have the meanings ascribed to such terms as set forth below:

"**Common Shares**" means the common shares of the Corporation, without par value, as constituted on the date hereof.

"**CRA**" means Canada Revenue Agency.

"**Offered Shares**" means the Common Shares comprising part of the Units issuable pursuant to the Offering.

"**Regulations**" means the regulations promulgated under the Tax Act.

"**Tax Act**" means the Income Tax Act (Canada), as amended.

"**Tax Proposals**" means all specific proposals to amend the Tax Act or the Regulations publicly announced by the Minister of Finance (Canada) prior to the date of this short form prospectus.

"**U.S. Securities Act**" means the *United States Securities Act* of 1933, as amended.

AUDITORS' CONSENT

We have read the short form prospectus of Marathon PGM Corporation (the "**Corporation**") dated March 31, 2008 relating to the issue and sale of units of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of Marathon on the balance sheets of Marathon as at December 31, 2007 and 2006 and the statements of operations and comprehensive loss and deficit and cash flows for the years ended December 31, 2007, 2006 and 2005. Our reports are dated March 19, 2008 and March 19, 2007.

Toronto, Ontario

PricewaterhouseCoopers LLP

April xx, 2008

Chartered Accountants, Licensed Public Accountants

CERTIFICATE OF THE CORPORATION

Dated: March 31, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Québec.

(signed) PHILLIP C. WALFORD

President and Chief Executive Officer

(signed) JAMES KIRKE

VP Finance, Chief Financial Officer and Secretary

On behalf of the Board of Directors

(signed) ROBERT PAGE CHILCOTT

Director

(signed) GREGORY A. HAHN

Director

CERTIFICATE OF THE UNDERWRITERS

Dated: March 31, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Québec.

TD SECURITIES INC.

By: (signed) Gordon Glenn

BLACKMONT CAPITAL INC.

By: (signed) Rick Vernon

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS



PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(UNAUDITED)

COMPILATION REPORT ON PRO FORMA FINANCIAL STATEMENTS

To the Directors of
Marathon PGM Corporation

We have read the accompanying unaudited pro forma consolidated balance sheet of Marathon PGM Corporation (the company) as at December 31, 2007 and unaudited pro forma consolidated statement of operations for the year then ended, and have performed the following procedures.

1. Compared the figures in the columns captioned Marathon PGM Corp. to the audited financial statements of the company as at December 31, 2007 and for the year then ended, and found them to be in agreement.
2. Compared the figures in the columns captioned Discovery PGM Exploration Ltd. to the audited financial statements of Discovery PGM Exploration Ltd. as at November 30, 2007 and for the year then ended, and found them to be in agreement.
3. Made enquiries of certain officials of the company who have responsibility for financial and accounting matters about:
 - (a) the basis for determination of the pro forma adjustments; and
 - (b) whether the pro forma financial statements comply as to form in all material respects with Canadian Securities legislation.

The officials:

- (a) described to us the basis for determination of the pro forma adjustments, and
 - (b) stated that the pro forma statements comply as to form in all material respects with Canadian Securities legislation.
4. Read the notes to the pro forma statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
5. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned Marathon PGM Corp. and Discovery PGM Exploration Ltd. as at December 31, 2007 and for the year then ended, and found the amounts in the column captioned "Pro Forma Consolidated" to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

(Signed) "PricewaterhouseCoopers"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada
March 31, 2008

Marathon PGM Corporation
Unaudited Pro Forma Balance Sheet
For the year ended December 31, 2007
(expressed in Canadian dollars)

	Marathon PGM Corp. December 31 2007 \$	Discovery PGM Exploration Ltd. November 30 2007 \$	Notes 4	Pro Forma Adjustment s \$	Marathon PGM Corp. Pro Forma Consolidated (Unaudited) \$
Assets					
Current assets					
Cash and cash equivalents	12,260,206	36,575	a c d	334,800 490,000 (208,383)	12,913,198
Accounts receivable	375,653	15,299			390,952
Prepaid expenses	267,970	400			268,370
	12,903,829	52,274		616,417	13,572,520
Mineral properties and deferred exploration costs	15,674,096	1,791,554	b h g	400,000 9,333,667 3,600,123	30,799,440
Property, plant and equipment	445,654	2,662			448,316
	29,023,579	1,846,490		13,950,207	44,820,276
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	569,026	15,513	b d	400,000 (208,383)	984,539
Note payable	-	208,383		(208,383)	-
	569,026	223,896		191,617	984,539
Future income taxes	168,847	-	g	3,600,123	3,768,970
	737,873	223,896		3,791,740	4,753,509
Shareholders' Equity					
Share capital	30,221,780	5,467,482	a c e f	366,800 684,332 11,781,061 (6,518,614)	42,002,841
Share subscriptions		32,000	a	(32,000)	-
Warrants	1,042,176	-			1,042,176
Contributed surplus	2,438,848	194,332	c	(194,332)	2,438,848
Deficit	(5,417,098)	(4,071,220)	f	4,071,220	(5,417,098)
	28,285,706	1,622,594		10,158,467	40,066,767
	29,023,579	1,846,490		13,950,207	44,820,276

Marathon PGM Corporation
Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2007
(expressed in Canadian dollars)

	Marathon PGM Corp. Year ended December 31 2007	Discovery PGM Exploration Ltd. Year ended November 30 2007	Marathon PGM Corp.Pro Forma Consolidated (Unaudited)
	\$	\$	\$
Exploration expenses and write-offs of mineral properties	524,326	102,167	626,493
Operating expenses:			
General and administrative expenses	1,951,729	79,258	2,030,987
Depreciation	89,225	1,141	90,366
Stock-based compensation	663,640	-	663,640
	2,704,594	80,399	2,784,993
Total operating expenses	3,228,920	182,566	3,411,486
Operating loss	(3,228,920)	(182,566)	(3,411,486)
Interest income	455,428	4,357	459,785
Interest expense	-	(62,383)	(62,383)
Foreign exchange (loss) gain	(4,952)	-	(4,952)
Other income	-	12,306	12,306
Loss before income tax	(2,778,444)	(228,286)	(3,006,730)
Future income tax recovery	572,958	-	572,958
Loss and comprehensive loss for the year	2,205,486	(228,286)	(2,433,772)
Loss per share			
Basic and diluted	(0.11)		(0.11)
Weighted average number of common shares outstanding (note 5)	20,498,782		22,917,891

Marathon PGM Corporation
Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2007
(expressed in Canadian dollars)

The accompanying unaudited pro forma consolidated financial statements of Marathon PGM Corporation ("**Marathon**") have been prepared by management after giving effect to the Offer by Marathon to acquire all of the outstanding securities of Discovery PGM Exploration Ltd. ("**Discovery**"). These unaudited pro forma consolidated financial statements include:

- a) An unaudited consolidated pro forma balance sheet combining the audited balance sheet of Marathon at December 31, 2007 and the audited balance sheet of Discovery at November 30, 2007.
- b) An unaudited pro forma consolidated statement of operations combining the audited statement of operations and comprehensive loss and deficit of Marathon for the year ended December 31, 2007 and the audited statement of operations and deficit of Discovery for the year ended November 30, 2007.

The unaudited pro forma consolidated balance sheet has been prepared as if the transaction described in note 3 had occurred on December 31, 2007. The pro forma consolidated statement of operations for the year ended December 31, 2007 has been prepared as if the transaction described in note 3 had occurred on January 1, 2007.

It is management's opinion that these unaudited consolidated pro forma financial statements present, in all material respects, the transaction as described in note 3 in accordance with Canadian generally accepted accounting principles. The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of Marathon which would actually have resulted if the transaction had been effected on the dates indicated. Furthermore, the unaudited pro forma consolidated financial information is not necessarily indicative of the results of operations that may be obtained in the future.

2. Significant Accounting Policies

The unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of Marathon for the year ended December 31, 2007.

The unaudited pro forma consolidated financial statements should be read in conjunction with the audited financial statements of Marathon, including the notes thereto, for the year ended December 31, 2007, and the audited financial statements of Discovery, including the notes thereto, for the year ended November 30, 2007.

3. Acquisition of Discovery

The acquisition of Discovery will be effected by means of a share exchange pursuant to which Discovery will exchange all of its common shares for common shares of Marathon on the basis of 0.0794 Marathon common shares per Discovery common share ("**the Exchange Ratio**"). Upon completion of the acquisition, assuming acceptance of Marathon's offer by 100% of the shareholders of Discovery, Marathon will have approximately 24,323,762 issued and outstanding common shares on an undiluted basis, 21,904,653 (90%) held by incumbent Marathon shareholders and 2,419,109 (10%) held by former shareholders of Discovery.

In the preparation of these unaudited pro forma consolidated financial statements, Marathon is considered the acquirer for accounting purposes. The purchase consideration has been allocated to the fair value of identifiable assets and liabilities acquired. The fair values assumed are based on management's best estimates after taking into account the relevant information available at the time these statements were prepared. The actual amounts recorded upon completion of the acquisition will differ from those recorded in these unaudited pro forma consolidated financial statements.

The total aggregate consideration amounts to \$11,781,061 and is based on the following assumptions:

Marathon PGM Corporation
Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2007
(expressed in Canadian dollars)

- a) At November 30, 2007, its financial year-end, Discovery had 25,417,368 common shares issued and outstanding on an undiluted basis.
- b) Discovery's outstanding, unexpired in-the-money options will be exercised prior to consummation of the acquisition, generating cash proceeds of \$125,000 and resulting in the issue of 970,000 additional Discovery common shares.
- c) Discovery's outstanding in-the-money warrants will be exercised prior to consummation of the acquisition, generating cash proceeds of \$365,000 and resulting in the issue of 1,650,000 additional Discovery common shares.
- d) The related party note payable will be liquidated by Discovery in cash.

After giving effect to the transactions in notes a), b), and c) above, Discovery would have 30,467,368 common shares issued and outstanding, in exchange for which Marathon will issue a total of 2,419,109 common shares. For the purpose of these unaudited pro forma consolidated financial statements, Marathon's share price as at February 15, 2008, the last trading day before announcement of Marathon's intent to acquire Discovery, has been used to value the common share consideration.

Under these assumptions, all of Discovery's dilutive securities will be converted into Discovery common shares prior to acquisition and Marathon will issue no replacement options or warrants.

The fair value of Discovery's assets and liabilities acquired, based on the consideration paid, is set out below.

Description	Amount
	\$
Cash and cash equivalents	652,992
Accounts receivable	15,299
Prepaid expenses	400
Property, plant and equipment	2,662
Mineral properties	15,125,344
Accounts payable and accrued liabilities	(15,513)
Future income taxes	(3,600,123)
	12,181,061
Fair value of Marathon shares issued	11,781,061
Estimated transaction costs	400,000
	12,181,061

Marathon PGM Corporation
Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2007
(expressed in Canadian dollars)

4. Pro Forma Assumptions and Adjustments

The unaudited pro forma consolidated financial statements include the following assumptions and adjustments:

- a) Discovery's share capital is increased by \$366,800, representing the expected gross proceeds of the private placement described in note 11 to the financial statements of Discovery for the year ended November 30, 2007. Discovery's cash balance is increased by the gross proceeds, less \$32,000 disclosed as Share subscriptions on Discovery's balance sheet at November 30, 2007.
- b) The estimated transaction costs of \$400,000 relating to this offer have been recorded as a payable and charged as a component of the cost of the transaction.
- c) All of Discovery's outstanding unexpired options and warrants are exercised prior to closing.
- d) Discovery's related party note payable is retired prior to closing.
- e) The total purchase consideration of \$11,781,061 is based on the issue by Marathon of 2,419,109 common shares at a deemed price of \$4.87 per share.
- f) The historical shareholders' equity accounts of Discovery are eliminated as Marathon is the acquirer for accounting purposes.
- g) Marathon has recorded a future tax liability on the acquisition based on the temporary difference between the carrying value of Discovery's mineral properties and their allocated fair value.
- h) All of the excess of the purchase price over the fair value of Discovery's net assets was allocated to Mineral properties.

5. Shares Outstanding

	Year ended December 31 2007
Basic and diluted:	
Weighted average Marathon shares outstanding during the period	20,498,782
Number of Marathon shares issued to acquire Discovery	2,419,109
Pro-forma basic weighted average shares outstanding	22,917,891
Effect of dilutive Marathon options and warrants	-
Pro forma diluted weighted average shares outstanding	22,917,891