

28 January 2010

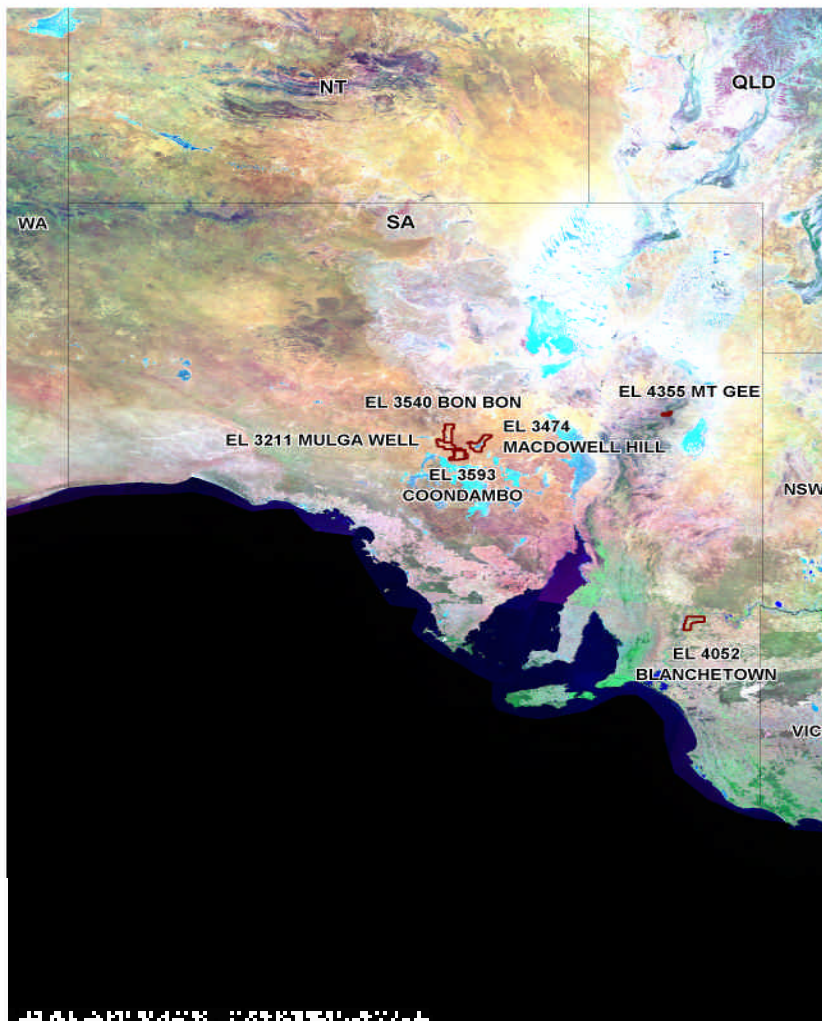
**COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN SECURITIES EXCHANGE**

ASX CODE MTN

**QUARTERLY ACTIVITY REPORT
1 October 2009 – 31 December 2009**

Marathon Resources Limited (ASX: "MTN") is pleased to present its Activity Report for the Quarter ending 31st December 2009. Highlights of the past Quarter include:

- Grant of EL 4355 for 12 months to replace EL 3258 Mt Gee
- Lodgement of DEF for low-impact, non-invasive exploration activities on EL4355
- Identification of five priority areas from interpretation of geochemical results
- Geological mapping has identified high grade uranium within two shear zones





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Exploration Licence 3258 expired on 10th October 2009 at the end of the statutory five year period. PIRSA granted a Replacement Licence No 4355 over the same area as EL 3258 on 22nd October 2009 for a period of one year.

Additional Conditions were attached to EL 4355. Prior to carrying out any exploration operations, approval must be obtained from the Director of Mines and the Chief Executive of Department of Environment and Heritage (DEH). An application supported by a Declaration of Environmental Factors (DEF) to carry out such operations must be lodged with PIRSA.

Declaration of Environmental Factors

In accordance with the new conditions attached to EL 4355 Marathon lodged a DEF with PIRSA on 20th November 2009 with a revised version on 11th December 2009 to obtain permission to conduct low-impact, non-invasive exploration activities including geological mapping on foot, stream sediment sampling on foot and helicopter supported ground gravity surveying.

Helicopter Supported Stream Sediment In-Fill Survey Results

A sampling programme was designed to repeat anomalous samples defined in the late 2008 regional sampling programme and in-fill with closer spaced samples. Additional samples were collected in the west of the tenement. Access to the sample sites was either by helicopter or on foot. A total of 85 samples were collected and assay results were received during the last Quarter.

The additional coverage means the geochemical database is compatible with the new full tenement aeromagnetic, radiometric and gravity datasets. The current geochemical interpretation integrated all available assay results from previous surveys.

The samples were analysed using both partial leach (ME-MS23) and conventional near-total digestion (ME-MS61) analytical techniques. The ME-MS23 technique was used because previous orientation sampling identified a known stratigraphic unit containing up to 15% monazite and ME-MS23 effectively suppressed U, Th and associated elements derived from monazite.

The results confirm the strong correlation between the ME-MS23 and ME-MS61 techniques for the ore elements U, Mo and Cu and demonstrate the partial leach technique has effectively defined prospective areas for further exploration at the same time as negating possible Th interference. Five priority areas were identified with two indicative of previously unidentified mineralisation.

Geological Mapping

Detailed geological mapping at a scale of 1:1000 was completed over two areas. Mapping has confirmed a complex structural association with high grade uranium mineralisation at these two areas. Surface assay readings were taken during mapping with a *Radiation Solutions RS 230* spectrometer. Confirmation chemical assay results are pending. Summary geological maps are shown in Figures 2 and 3.

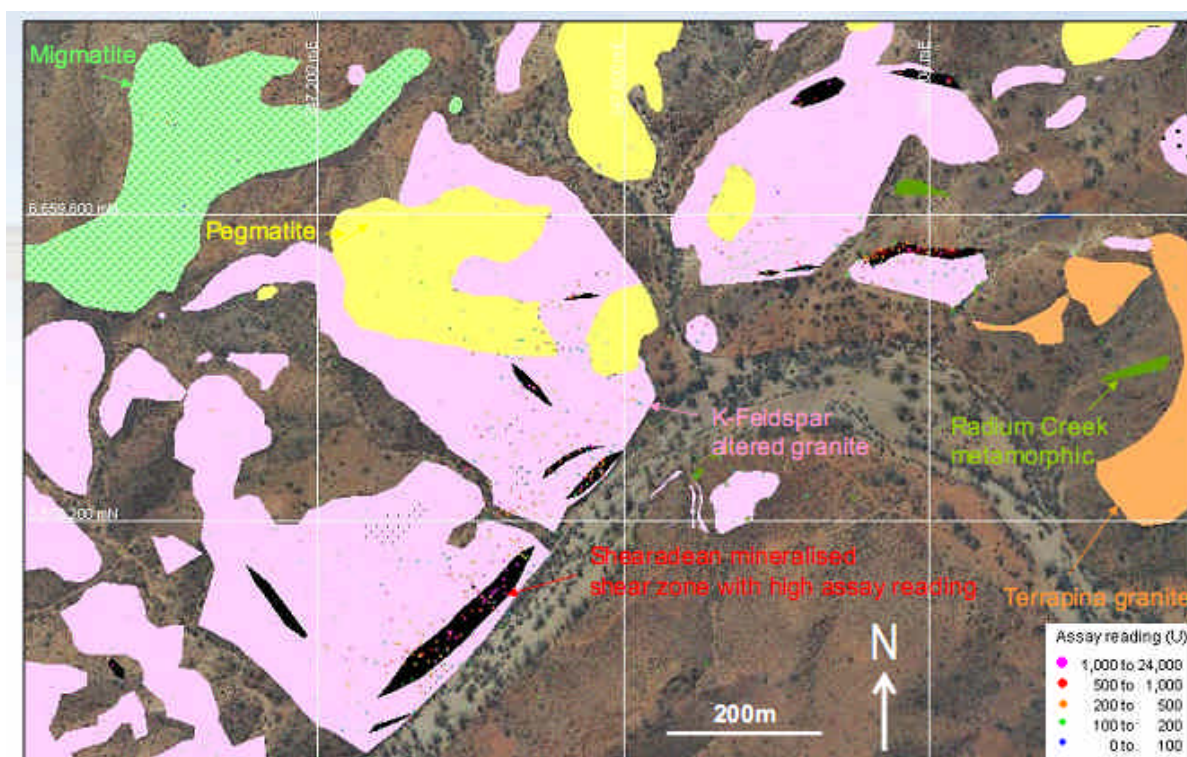


Figure 2: Shearadean Mapping Area

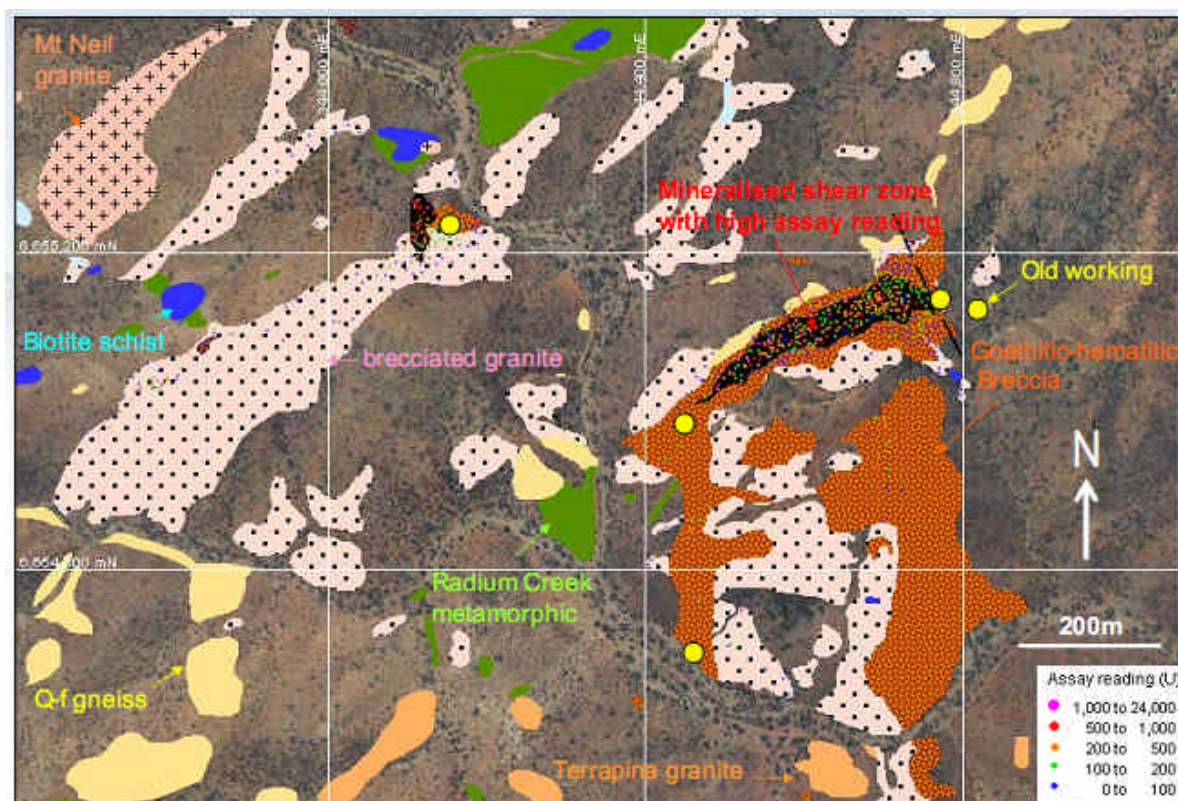


Figure 3: Sheardava mapping area

EL 4052 Blanchetown South Australia

Preliminary 500m spaced calcrete sampling was completed over a representative proportion of the Blanchetown tenement to evaluate the possible use of geochemistry to target areas of potential strandlines as the host to economic concentrations of heavy minerals. Follow-up by selective re-sampling confirmed results from Phase 1 sampling.

The presence of strandlines needs to be confirmed by use of sensitive magnetic surveying using close spaced lines & stations. Areas of apparent strandlines will be surveyed on north-south oriented lines to establish sharp peaks representing accumulations of magnetic minerals, thus validating the concept of strandlines. Lack of sharp magnetic response will suggest dispersion and/or destruction of the strandlines.

Six areas were selected to survey. Each area is approximately two square kilometres and north-south oriented survey lines 25 metres apart were flown on 17th and 18th December 2009 using the Daishsat Helimag system.

Results are awaited.



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Kalymna Joint Venture. Victoria

Marathon advised their Joint Venture partners on 24th October 2009 that it was withdrawing from the Kalymna Joint Venture, covering EL 4526. Marathon has transferred its interest in EL 4526 to the other parties.

The information in this report that relates to Exploration Results has been compiled by Mr Brenton Newell, a part-time employee of Marathon Resources Ltd and a Member of the Australian Institute of Geoscientists. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person for the purposes of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Brenton Newell consents to inclusion in the report of these matters based on their information in the form and context in which it appears.

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Notes to Editor

Marathon is a minerals exploration company focused on the development of Mt Gee, one of Australia's largest undeveloped uranium deposits.

The Company's North Flinders Ranges project is located within the Paralana Mineral System of South Australia, a uranium-rich state which is home to the world's largest uranium deposit at Olympic Dam.

Marathon listed on the Australian Securities Exchange on 15 March 2005, under the stock code of MTN

www.marathonresources.com.au

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MARATHON RESOURCES LIMITED

ABN

31 107 531 822

Quarter ended ("current quarter")

31ST DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(161)	(935)
	(b) development		
	(c) production		
	(d) administration	(606)	(1,486)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	13	42
1.5	Interest and other costs of finance paid		
1.6	Income taxes – R & d concession		303
1.7	Other – Capital raising costs		
Net Operating Cash Flows		(754)	(2,076)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	(10)	(29)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments	1,232	1,232
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(1,222)	(1,203)
1.13	Total operating and investing cash flows (carried forward)	(468)	(873)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(468)	(873)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other –Prospectus & Supplementary Prospectus		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	468	(873)
1.20	Cash at beginning of quarter/year to date	2,491	3,832
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,959	2,959

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2d	76
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

Estimated cash outflows for next quarter

+ See chapter 19 for defined terms.

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
Total		150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	9	53
5.2	Deposits at call	2,950	2,438
5.3	Bank overdraft		-
5.4	Other (provide details)		-
Total: cash at end of quarter (item 1.22)		2,959	2,491

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
	EL5086 Deddick River	Tenement relinquished 24.11.09	100%	0
	EL5085 Little Yalmy	Tenement relinquished 24.11.09	100%	0
6.2	Interests in mining tenements acquired or increased			
	Chivelle/Forwood EL 4526 Kalymna JV	JV terminated 18.12.09	90%	0%
		None acquired		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3 *Ordinary securities	77,008,677	77,008,677		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL		
7.5 *Convertible debt securities <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	- 30,000 30,000 3,000,000 1,000,000	- - - - -	- 5.67 cents 30.67 cents 103.70 cents 80.00 cents	30.06.2010 30.06.2010 30.06.2011 02.09.2012
7.8 Issued during quarter	1,000,000	-	110.00 cents	31.12.2014
7.9 Exercised during quarter	NIL	-		
7.10 Expired during quarter	NIL	-		
7.11 Debentures <i>(totals only)</i>	N/A	-		
7.12 Unsecured notes <i>(totals only)</i>	N/A	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(~~Director~~/Company secretary)

Date: 28 January 2010.

Print name: S M Appleyard.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic \(if any\) must be complied with.](#)

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