

**31<sup>st</sup> January 2012**

**COMPANY ANNOUNCEMENTS OFFICE  
AUSTRALIAN SECURITIES EXCHANGE**

**ASX CODE MTN**

**QUARTERLY ACTIVITY REPORT  
1<sup>st</sup> October 2011 – 31<sup>st</sup> December 2011**

Marathon Resources Limited (ASX: "MTN") presents its Activity Report for the Quarter ending 31<sup>st</sup> December 2011. Highlights of the past Quarter included:

- Receipt of instructions from the SA Government in relation to rehabilitation requirements for EL4355
- Commencement of legal action against the South Australian Government in the Supreme Court of South Australia on 11<sup>th</sup> November 2011

**Instructions from the SA Government in relation to rehabilitation requirements for EL4355**

In September 2011, Marathon received written instructions from the South Australian Minister for Mineral Resources Development regarding rehabilitation requirements that must be completed, in accordance with Exploration Licence Conditions, prior to the expiry in February 2012 of Marathon's EL4355. Marathon expects that it will be in position to satisfy the rehabilitation requirements in accordance with the Exploration Licence Conditions.

**Commencement of legal action against the South Australian Government**

On 11<sup>th</sup> November 2011, the Board of Marathon Resources Ltd (ASX: "MTN") commenced legal action against the South Australian Government in relation to the Government's proposed ban on mining at Arkaroola in the Northern Flinders Ranges.

The legal proceedings in the South Australian Supreme Court, seek:

- Declarations that the SA Government's 29 July 2011 proclamation to exclude Arkaroola from the operation of the Mining Act was invalid on various grounds; and
- Orders requiring the Mining Registrar to register mineral claims lodged by Marathon in respect of EL 4355.

Marathon had hoped to resolve its claims against the Government prior to commencing legal action and continues to offer participation in meaningful discussions aimed at resolving the issues.

**MEDIA CONTACT:**

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10.

Name of entity

<b>Marathon Resources Limited</b>
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ABN

<b>31 107 531 822</b>
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Quarter ended ("current quarter")

<b>31 December 2011</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) (1) exploration & evaluation (2) camp infrastructure (b) development (c) production (d) administration	- (129)  - (1,125)	(449) (241)  - (1,862)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	66	75
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Mt Gee Discontinuation costs))	(180)	(266)
<b>Net Operating Cash Flows</b>	<b>(1,368)</b>	<b>(2,743)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(51)	(80)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(51)</b>	<b>(80)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,419)</b>	<b>(2,823)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,419)	(2,823)
<b>Cash flows related to financing activities</b>			
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 – Capital Raising Costs		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,419)	(2,823)
1.20	Cash at beginning of quarter/year to date	4,940	6,344
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	3,521	3,521

**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 1.2	125
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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

+ See chapter 19 for defined terms.

### 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	Nil	
3.2 Credit standby arrangements	Nil	

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	600
<b>Total</b>	<b>600</b>

### 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	31	55
5.2 Deposits at call	3,490	4,885
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,521</b>	<b>4,940</b>

### 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	No Changes		
6.2	Interests in mining tenements acquired or increased	None acquired		

+ See chapter 19 for defined terms.

### 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.

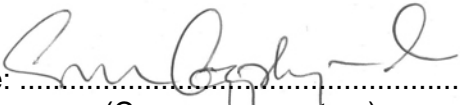
	Total number	Number quoted	Issue price per security (see note 3) (cents)		Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)					
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions					
7.3 <b>*Ordinary securities</b>	92,207,789	92,207,789			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs					
7.5 <b>*Convertible debt securities</b> (description)	N/A				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted					
7.7 <b>Options</b> (description and conversion factor)			<i>Exercise Price</i> <i>On After</i> <i>Issue Rights</i> <i>Issue</i>		<i>Expiry date</i>
	1,000,000	-	0.80	0.777	02.09.2012
	1,000,000	-	1.10	1.077	28.12.2014
	490,000	-	0.34	0.317	15.10.2013
	50,000	-	0.75	0.727	15.10.2013
	500,000	-	0.876	0.853	01.11.2013
	750,000	-	1.25	1.227	01.11.2014
	750,000	-	1.75	1.727	01.11.2015
7.8 Issued during quarter	-	-	-	-	-
7.9 Exercised during quarter	-	-	-	-	-

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> <i>(totals only)</i>	-			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-			

## 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 ~~not~~\* [\(delete one\)](#) give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 31 January 2012  
(Company secretary)

Print name: Stuart 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: 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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