ASX RELEASE MARATHON RESOURCES ASX RELEASE

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31 January 2014

COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN SECURITIES EXCHANGE

ASX CODE MTN

QUARTERLY ACTIVITIES REPORT

Period - 1 October 2013 to 31 December 2013

QUARTERLY ACTIVITIES - HIGHLIGHTS

Walparuta Project – Airborne electromagnetic survey conducted;

Native title agreement executed enabling work program for Oakvale tenement

Other initiatives

Bentley Capital market bid ends 18 December 2013.

Post Quarter events

QUARTERLY ACTIVITIES

Marathon Resources Limited (ASX: “MTN”) presents its Activities Report for the Quarter ending 31 December 2013.

Exploration Approach

Marathon Resources has adopted a cost effective approach to exploration by pursuing "earn in" opportunities. When Marathon finds a tenement of interest, an initial assessment program and equity/expenditure commitments are agreed with the proprietor. If the initial assessment is unsuccessful, Marathon can exit from the arrangement without further financial obligations. However, if the initial assessment is successful, for a small outlay of exploration costs, Marathon has an established arrangement for ongoing activities.

Figure 1 Walpurata Project Area

Walparuta Project (Base and Precious Metals) EL’s 4520 & 5306, South Australia

Marathon Resources Limited has completed an airborne electromagnetic (REPTEM) survey at the Walparuta Project Area. The survey identified multiple conductive features.

The Walparuta Project Area is located 30 kilometres north of Mannahill (Figure 1) and lies within the Olary Domain of the Curnamona Province. The Project Area is comprised of two tenements (EL’s 4520 & 5306) and these tenements encapsulate the majority of the Walparuta Inlier

(Figure 2). These two tenements are subject to a Letter of Intent with SAEX Pty Ltd under which Marathon may conduct exploration with SAEX's tenements and acquire a 75% interest.

The REPTEM survey was flown on 100 metre spaced flight lines over three key areas within the Walparuta Inlier (Figure 2, Areas 1, 2 & 3).

Copper Ridge

Previous explorers had located coincidental geochemical and magnetic anomalies. The magnetic anomaly is a semi-circular feature with similar dimensions to the geochemical anomalies. These anomalies occur on the margin of a skarn-like feature. The skarn forms a low lying dome shaped feature containing magnetite, garnet and epidote-rich rocks.

During the Quarter, Marathon Resources completed an airborne electromagnetic survey over the Copper Ridge prospect. Two distinct EM anomalies are evident Figure 3). The anomalies occur on the margin of the skarn-like feature.

The field program in January 2014 included detail geological mapping, a ground magnetic survey and a trial soil geochemical survey.

Creagh Dhubh

During the Quarter, Marathon Resources completed an airborne electromagnetic survey over the Creagh Dhubh prospect. A significant EM anomaly occurs within psammitic and chemical metasediments of the Toraminga Formation (Figure 3). Figure 4 is the Conductive Depth Image (CDI) of the anomaly and Figure 5 is the Conductive Depth Slice (CDS) of the anomaly.

Geological mapping has not yet assisted in providing an understanding of the EM anomaly. A ground –based EM survey is being considered to assist in determining the shape and depth of the conductive feature prior to considering drill site locations.

Oakvale (Mineral Sands) EL5202 South Australia

On the 12th December 2013 Marathon's Joint Venture tenement owner Australian Desalinated Water Pty Ltd (ADW) executed a native title Mining Agreement for Exploration with the Wilyakali People's traditional owner representatives, pursuant to Part 9B of the Mining Act 1971 (SA). Registration of that agreement followed, with subsequent approvals by DMITRE enabling Marathon to proceed with the foreshadowed 30 hole drilling program.

During January 2014, Marathon Resources conducted an air-core drilling program on EL 5202, the Oakvale Project. 18 out of a planned 30 holes were drilled in 3 traverses and heavy metal intersections were located. Further analytical work will be required to investigate continuity, grade distribution and mineral suite consistency across strike.

Other Initiatives

During the quarter ended 31st December 2013, Marathon continued to review and consider further investment and corporate opportunities one of which was reported in the Target's Statement issued on 6th November 2013 in response to the on-market offer to acquire all the ordinary shares of Marathon by Bentley Capital Limited ("ASX:BEL"). The opportunity ("**Proposal**") which was under negotiation at that time, was referred to in paragraph 3.3 on page 9 of the Target's Statement.

Draft documentation for the Proposal was under consideration and specific details of the Proposal were confidential while negotiations proceeded. In the first Supplementary Target's Statement issued on 3rd December 2013Marathon advised that substantive progress had been made in relation to the terms on which the Proposal might proceed. However, further discussion of draft documentation, which had been exchanged with legal counsel for the parties, required them to agree to the terms of their necessary involvement in the transaction to which the Proposal relates. Further progress in respect of the proposal was dependent on such agreement being reached.

In the second Supplementary Target's Statement issued on 9th December 2013 Marathon advised that further progress is subject to the satisfactory completion of a technical review by one of the two third parties. Further, Marathon advised that technical review cannot be concluded until the end of January 2014 at the earliest.

The two third parties have agreed to conduct further negotiations in the first week of February 2014. The Directors of Marathon are unable to say if agreement between the parties will be reached and there is no certainty that negotiations will be concluded in the terms to which the proposal relates or that the terms agreed will be satisfactory to Marathon.

Takeover bid ends 18 December 2013

The Bentley Capital Limited (ASX:BEL) unconditional on-market takeover offer ("Offer") for all the shares in Marathon Resources Limited ("Marathon") at 2.5 cents per share, initiated on 25th October 2013, ended on 18th December 2013.

Prior to the Offer Bentley Capital Limited held 18,432,337 Marathon shares (19.99% of the issued capital of Marathon) and under the Offer it acquired a further 914,563 Marathon shares taking its shareholding to 20.98%.

Matters subsequent to quarter

Resignation of Mr Chen Zeng as Director

The company advises the resignation of Mr Chen Zeng as a Director effective from 31st January 2014. Mr Zeng has been a Director since December 2006. He moved from Melbourne with the CITIC Group several years ago to become CEO of CITIC Resources Ltd in Hong Kong and his overseas work load prevents him from continuing his role with Marathon Resources. CITIC Australia Pty Ltd remains a major shareholder of the company.

The Board of Marathon thanks Mr Zeng for his outstanding contribution to the company over many years.

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Competent Persons Statement
The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information reviewed[1] and compiled by Dr. John (Shad) Linley. Dr. Linley is the Managing Director of and a full-time employee of Marathon Resources Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM).

Dr. Linley has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Reserves and Ore Reserves'. Dr Linley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

[1]The geophysical information on which part of this report was based resulted from an airborne electromagnetic survey conducted by a private contractor Geosolutions PtyLtd and its Principal Mr Graham Boyd.

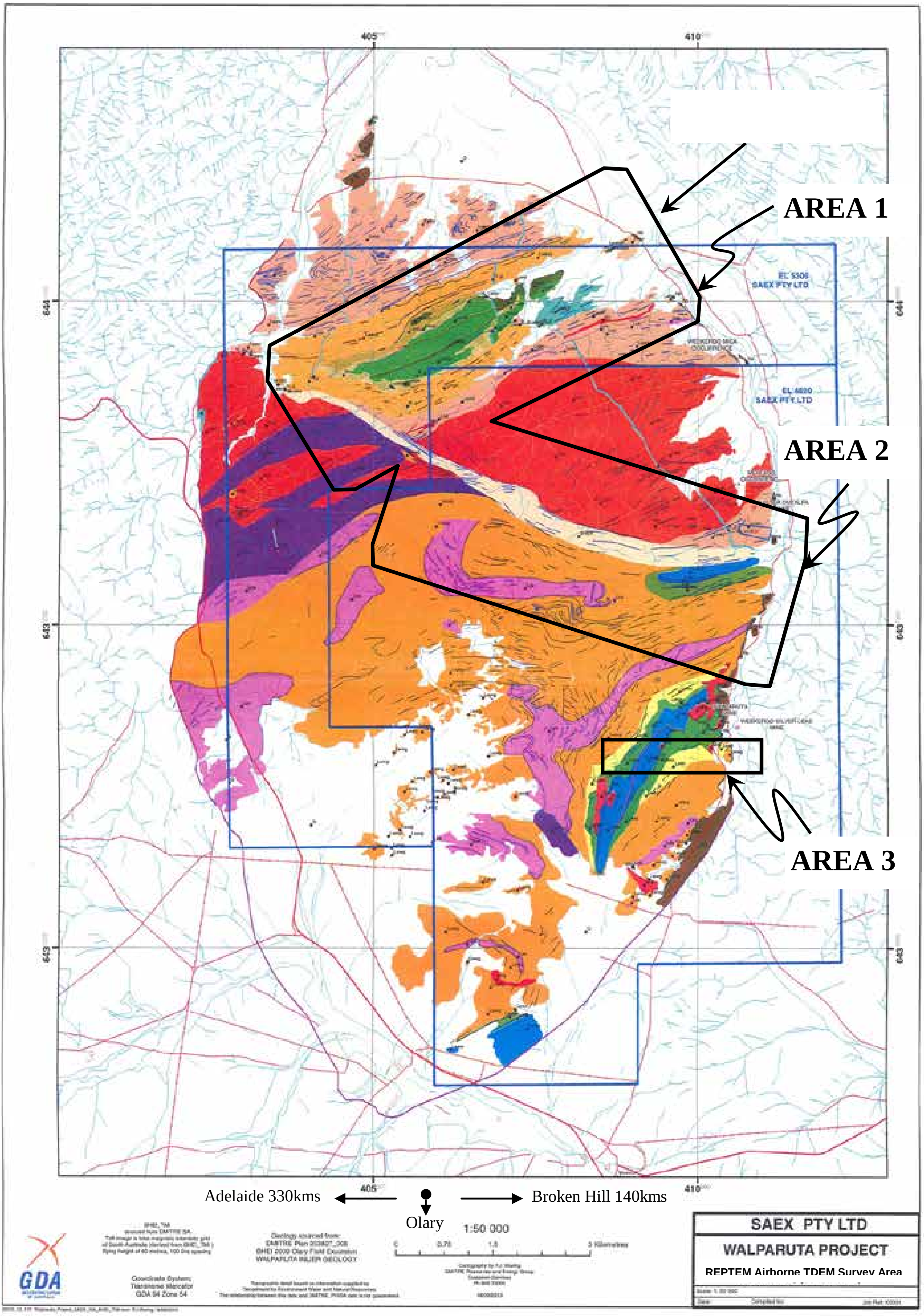


Figure 2 - Walparuta Inlier

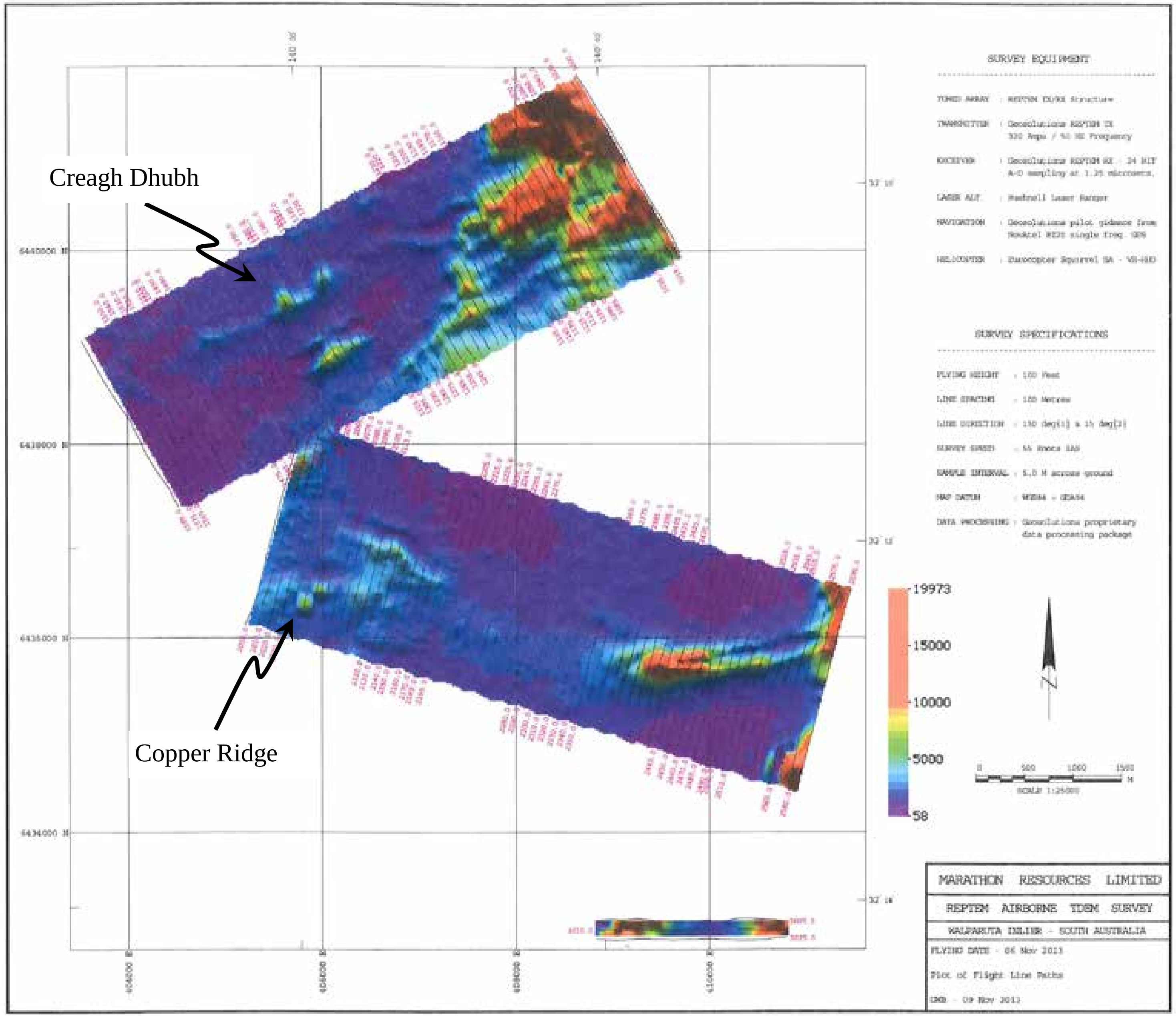
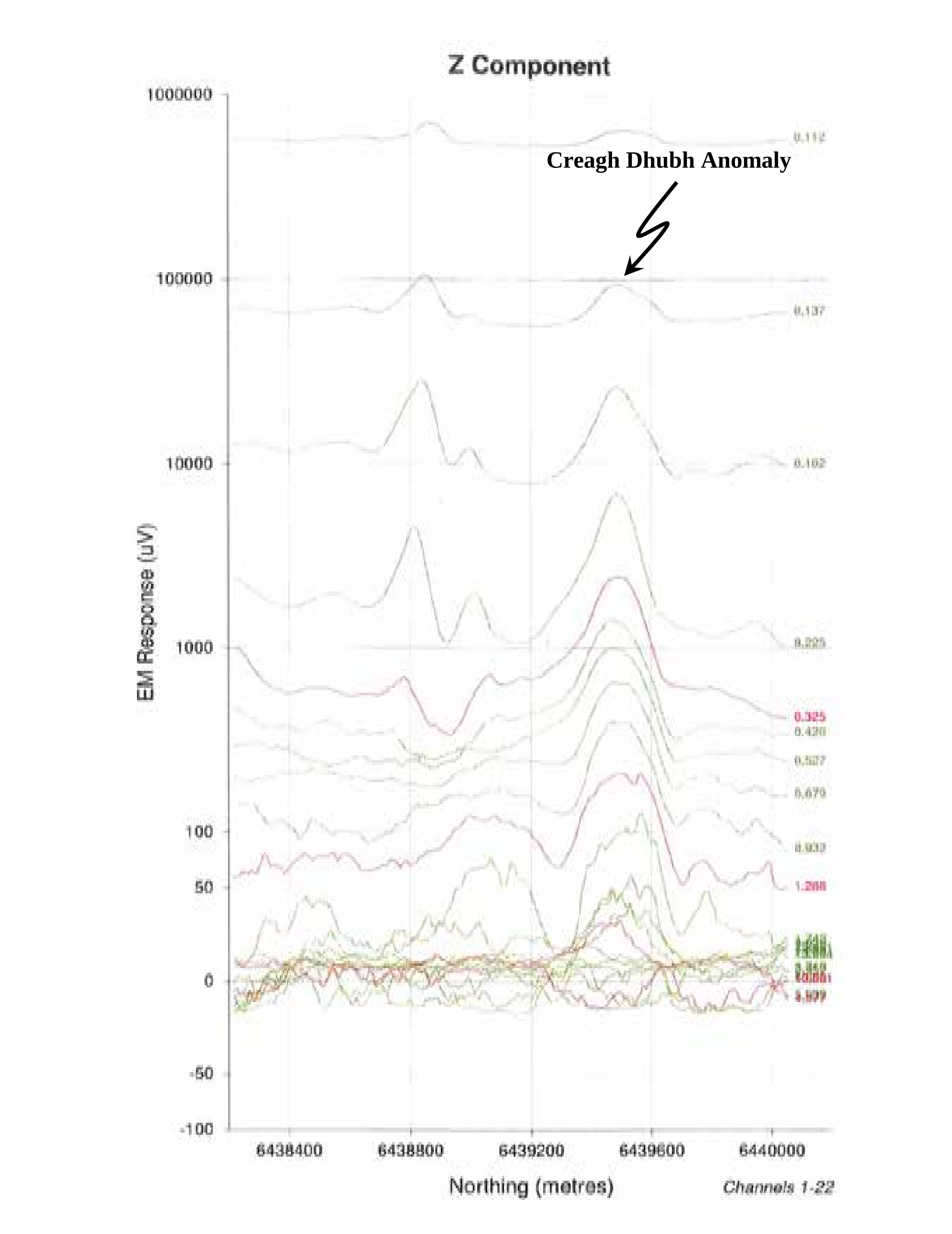


Figure 3 - EM Flight Lines within Walparuta Inlier



WALPARUTA Prospect
In-Loop EM Survey
PROFILES OF
EM RESPONSE
Line 1380.0

Figure 4 - Conductive Depth Image, Creagh Dhubh Project

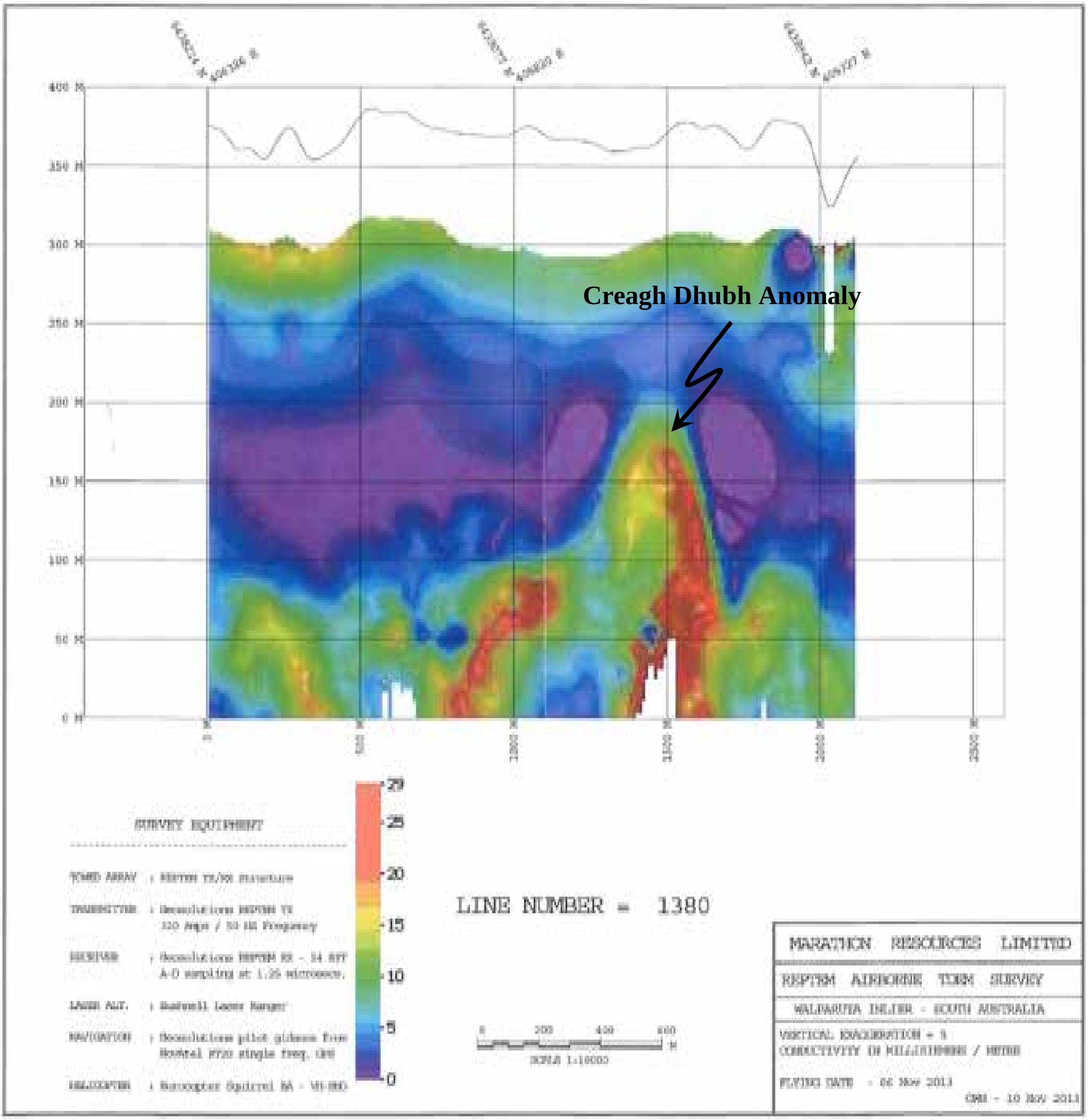


Figure 5 - Conductive Depth Slice Creagh Dhubh Project

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96. Origin: Appendix 8. Amended 01/07/97, 01/07/98, 30/9/01,01/06/10. 17/12/10

Name of entity

Marathon Resources Limited

ABN	Quarter ended ("current quarter")
31 107 531 822	**31 December 2013**

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) (1) Exploration & evaluation	(69)	(82)
	(b) (1) Administration	(267)	(451)
	(2) Rent/insurance	(82)	(128)
	(3) New business		
	(a) Development	(50)	(106)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	90
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	(1) Takeover Defence costs	(86)	(86)
	(2) Other Initiatives	(57)	(57)
	Net Operating Cash Flows	(611)	(820)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	-	1
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
1.13	Total operating and investing cash flows (carried forward)	(611)	(819)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(611)	(819)
	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 – Capital Raising Costs		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(611)	(819)
1.20	Cash at beginning of quarter/year to date	4,714	4,922
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	4,103	4,103

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	25
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

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	200
4.2	Development	-
4.3	Production	-
4.4	Administration	300
	Total	**500**

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	40	38
5.2 Deposits at call	4,063	4,676
5.3 Bank overdraft	-	-
5.4 Other – deposit release on surrender of government guarantee	-	-
Total: cash at end of quarter (item 1.22)	4,103	4,714

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		At 31st December 2013 Company no longer holds directly any exploration tenements		

+ See chapter 19 for defined terms.

6.2 Interests in mining tenements acquired or increased	EL 5203 EL 5202 EL 5238 ML5787 EL 5436	Unincorporated JV (ADW) earn in entitlement to 78% on following tenements: Alice Park Oakvale Kangaroo Flat Pernatty Lagoon Kaniva	0%	0%
	EL 4520 EL 5306	Unincorporated JV (SAEX)earn in entitlement to 75% on following tenements: Walparuta Project	0%	0%

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** *(description)*	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	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	**+Convertible debt securities** *(description)*	N/A			

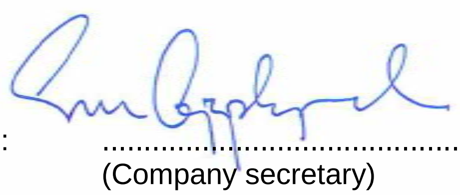
+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted					
7.7	**Options** *(description and conversion factor)*			*Exercise Price On Issue*	*After Rights Issue*	*Expiry date*
		1,000,000	-	*1.10*	*1.077*	*28.12.2014*
		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	-	-	-		-
7.10	Expired during quarter	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*
7.11	**Debentures** *(totals only)*	-				
7.12	**Unsecured notes** *(totals only)*	-				

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 5).

2 This statement does /does not* *(delete one)* give a true and fair view of the matters disclosed.



Sign here: .... (Company secretary) Date: 31 January 2014

Print name: Sam 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.

+ See chapter 19 for defined terms.

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 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.