

31 October 2014

COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN SECURITIES EXCHANGE

ASX CODE MTN

QUARTERLY ACTIVITIES REPORT

Period – 1 July 2014 to 30 September 2014

QUARTERLY ACTIVITIES

Marathon Resources Limited (ASX:"MTN") presents its Activities report for the Quarter ending 30 September 2014.

Exploration Activity and Other Initiatives

As advised in its previous Quarterly Activities Report Marathon Resources continues to adopt a cost effective approach to exploration by pursuing "earn-in" opportunities while at the same time limiting the Company's exposure should a decision be made not to proceed further with exploration and analysis. Marathon had entered two arrangements with private companies in which the company expended nominal amounts to determine if further expenditure was warranted. In both cases the exploration work undertaken determined that mineral occurrences were not of economic significance or were prohibitively expensive to drill. Marathon terminated those arrangements in the last quarter without penalty.

During the quarter directors and management have advanced the ongoing assessment of prospects for investment in mineral exploration and other projects to determine suitable investments for the Company. The opportunities are in South Australia, other Australian states and overseas. Details of the ongoing assessments were provided in the Review of Operations and Operating Results section of the 2014 Annual Report, released on the ASX announcements platform 29 September 2014.

There have been several parties prepared to offer farm-ins, mergers or offers for Marathon to buy exploration leases but further work is required to identify an acceptable opportunity.

In the current market many explorers have very limited cash resources and little opportunity to raise additional capital. Marathon has continued its conservation of cash resources and consequently remains placed better in terms of cash reserves than most other junior explorers.

The directors remain committed to increasing shareholder value through acquisition or merger and continue to vigorously assess available options in line with that strategy. The Board is conscious of the time it has taken to review the opportunities presented, and is confident of securing a suitable venture shortly. The objective of the Board remains to be able to respond quickly and proceed to investment while preserving funds to the maximum extent possible.

MEDIA CONTACT:

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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

31 107 531 822

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) (1) Exploration & evaluation	(13)	(13)
	(b) (1) Administration	(148)	(223)
	(2) Rent/insurance	(85)	(85)
	(3) New business		
	(a) Development	(50)	-
	(b) Due Diligence	(25)	-
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	64	64
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		
	(2) Other Initiatives		
Net Operating Cash Flows		(257)	(257)
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	11	11
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		11	11
1.13	Total operating and investing cash flows (carried forward)	(246)	(246)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(246)	(246)
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	(246)	(246)
1.20	Cash at beginning of quarter/year to date	3,582	3,582
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,336	3,336

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	53
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	240
Total	340

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	34	42
5.2 Deposits at call	3,302	3,540
5.3 Bank overdraft	-	-
5.4 Other – deposit release on surrender of government guarantee	-	-
Total: cash at end of quarter (item 1.22)	3,336	3,582

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 30 th September 2014 Company no longer holds directly any exploration tenements		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	EL 5203 EL 5202 EL 5238 ML 5787 EL 4520 EL 5306 EL 5436	At 30th September 2014 unincorporated JVs had been terminated on the following tenements: Alice Park Oakvale Kangaroo Flat Pernatty Lagoon Walparuta Project Kaniva	0% 0% 0%	0% 0% 0%
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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			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options			<i>Exercise Price</i>	<i>Expiry date</i>

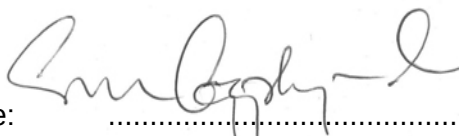
+ See chapter 19 for defined terms.

	(description and conversion factor)			On Issue	After Rights Issue	
		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	-	-	-	-	-
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 October 2014

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.

+ See chapter 19 for defined terms.

- 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.