

30 April 2015

COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN SECURITIES EXCHANGE

ASX CODE MTN

QUARTERLY ACTIVITIES REPORT

Period – 1 January 2015 to 31 March 2015

Marathon Resources Limited (ASX:"MTN") presents its Activities Report for the Quarter ending 31 March 2015.

Activities and Initiatives

During the quarter under review directors and management progressed activities relating to the acquisition of ARP TriEnergy Pty Ltd ("**TriE**") which owns the Leigh Creek Energy Project ("**LCEP**").

As advised in various ASX releases during the quarter:

- the LCEP is located at Leigh Creek in central South Australia approximately 550km north of Adelaide, over and around the existing coalfield (which is owned and operated by Alinta Energy) and is contained within the recently granted PEL 650, itself contained within the area of PELA 647 (both held by TriE);
- the LCEP proposes to develop an In Situ Gasification (ISG) process at depth (300m – 1,500m) using standard oil industry technologies, such as directional drilling;
- Recent and pending milestones for the LCEP include:
 - o PEL 650 grant (November 2014);
 - o Application for drilling program approval submitted to the Department of State Development (February 2015);
 - o Preliminary gas marketing discussions underway;
 - o Geophysics and appraisal drilling (planned for June quarter 2015);
 - o Definition of JORC-compliant resource (intended June quarter 2015).

On 7 January 2015 Marathon announced it had signed a Binding Term Sheet to acquire TriE having previously announced (ASX release 1 December 2014) it had signed a Non-Binding Term Sheet for that acquisition.

On 3 March 2015 Marathon announced it had signed a Share Sale Agreement to acquire 100% of TriE from its current shareholders ("**Vendors**") in return for issuing 138,311,683 new ordinary shares in Marathon (being 60% of the total expanded capital base) to those Vendors.

The proposed acquisition is subject to:

1. regulatory approvals (including ASX approval in relation to Marathon's re-compliance with Chapters 1 and 2 of the ASX Listing Rules; relevant Ministerial approvals regarding any dealing with the LCEP tenements and FIRB approval); and
2. Marathon shareholder approval of the acquisition of TriE and associated Transactions at an Extraordinary General Meeting (EGM).

Post Quarter matters

As a result of the activities during the quarter Marathon settled the Notice of Meeting and associated explanatory materials with regulatory authorities, which were dispatched to shareholders Monday 27 April 2015. The EGM is to be convened Wednesday 27 May 2015.

Relevant explanatory material including technical reports are available on the company's website www.marathonresources.com.au

ELA's 232 and 238, held by Tri E as part of their suite of Tenements and Tenement Applications have been granted. They are now held by ArpTri as EL 5596 and EL 5597, effective 26 April 2015.

MEDIA CONTACT:

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Managing Director
Field Public Relations
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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")

31 March 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 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	-	(25)
	(2) Development	-	(50)
	(3) Due diligence	-	(132)
	(b) (1) Administration	(161)	(557)
	(2) Rent/insurance	(28)	(141)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	39	103
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) Proposed merger compliance costs	(403)	(403)
Net Operating Cash Flows		(553)	(1,205)
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	2	13
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		2	13
1.13	Total operating and investing cash flows (carried forward)	(551)	(1,192)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(551)	(1,192)
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	(551)	(1,192)
1.20	Cash at beginning of quarter/year to date	2,941	3,582
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,390	2,390

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	67
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

+ See chapter 19 for defined terms.

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	250
4.2 Development	-
4.3 Production	-
4.4 Administration	250
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	33	27
5.2 Deposits at call	2,357	2,914
5.3 Bank overdraft	-	-
5.4 Other – deposit release on surrender of government guarantee	-	-
Total: cash at end of quarter (item 1.22)	2,390	2,941

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	At 31 st March 2015 Company no longer holds directly any exploration tenements.		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2

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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 (description and conversion factor)			<i>Exercise Price On Issue After Rights Issue</i>	<i>Expiry date</i>
		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	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 /-----* (delete one) give a true and fair view of the matters disclosed.

Sign here:


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(Company secretary)

Date: 30 April 2015

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 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.

+ See chapter 19 for defined terms.