

31<sup>st</sup> July 2012

**COMPANY ANNOUNCEMENTS OFFICE  
AUSTRALIAN SECURITIES EXCHANGE**

**ASX CODE MTN**

**QUARTERLY ACTIVITY REPORT  
1<sup>st</sup> April 2012 – 30<sup>th</sup> June 2012**

Marathon Resources Limited (ASX: "MTN") presents its Activity Report for the Quarter ending 30<sup>th</sup> June 2012. Highlights of the past Quarter included:

- Formal advice from the SA Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) that all rehabilitation requirements as specified in the Minister's letter of 8<sup>th</sup> September 2011 relating to EL4355 (Arkaroola) had been completed to the satisfaction of DMITRE.
- Establishment of a repository of geological samples and data for future study into the geology of the Arkaroola area.
- Review of potential future opportunities

**Completion of rehabilitation and related work on EL4355 in accordance with instructions from the SA Government**

Following the SA Government's decision to ban exploration and mining in the Northern Flinders Ranges, the Government provided instructions in September 2011 to Marathon in relation to the company's obligations under the terms and conditions of EL 4355 with particular emphasis on site rehabilitation and related activities. This work was completed in the first quarter of 2012. Following a DMITRE site inspection in May 2012, DMITRE formally advised the Company that all rehabilitation requirements as specified in the Minister's letter of 8<sup>th</sup> September 2011 relating to EL4355 (Arkaroola) had been satisfactorily completed.

**Establishment of a repository of geological samples**

With the cooperation of, and agreement with DMITRE, the Arkaroola Wilderness Sanctuary, and the Environment Protection Authority (EPA), Marathon has upgraded the Painter Camp core processing and storage area so that geological samples generated by the Company's exploration activities can be systematically and securely stored on site for the purposes of future scientific and geological research. The Painter Camp core storage facility has been significantly upgraded and secured at Marathon's expense and all data relating to the stored drilling core and other samples have been provided to DMITRE. Core and other samples from EL4355 are now housed at the upgraded Painter Camp facility, and the facility has been registered by the EPA.

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ABN 31 107 531 822

**Review of potential future opportunities**

As advised in the last quarterly report, Marathon is utilising the compensation funds to undertake due diligence on a number of potential new projects in Australia and overseas. Your Board and management have been robust in researching & investigating projects of interest, and have received a number of strategic opportunities from interested parties. Shareholders will be advised as soon as possible of the Company's plans.

**MEDIA CONTACT:**

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Marathon Resources Limited  
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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>30 June 2012</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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 (e) Supreme Court Action costs (re 1.7b)	(568)	(449) (241) (2,669) (849)
1.3 Dividends received	-	(849)
1.4 Interest and other items of a similar nature received	226	311
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 (a) Other (Mt Gee Discontinuation costs) (b) Mt Gee SA Govt compensation	(43) -	(582) 5,000
<b>Net Operating Cash Flows</b>	(385)	521
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(63)	(153)
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>	(63)	(153)
1.13 Total operating and investing cash flows (carried forward)	(448)	368

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(448)	368
<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>		(448)	368
1.20	Cash at beginning of quarter/year to date	7,160	6,344
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	6,712	6,712

**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	120
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.*

+ See chapter 19 for defined terms.

	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	650
<b>Total</b>	<b>650</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	14	33
5.2 Deposits at call	6,698	7,127
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,712</b>	<b>7,160</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	At 30 <sup>th</sup> June 2012 Company no longer holds any interest in any exploration tenements		
6.2	Interests in mining tenements acquired or increased	As above		

### Issued and quoted securities at end of current quarter

+ See chapter 19 for defined terms.

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

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> <i>(description)</i>					
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> <i>(description)</i>	N/A				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted					
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<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	-	-	-	-	-
7.10 Expired during quarter	-	-			
7.11 <b>Debentures</b> <i>(totals only)</i>	-				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	-	
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## 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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: .....Date: 26 July 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: Accounting 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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+ See chapter 19 for defined terms.