

28th April 2011

**COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN SECURITIES EXCHANGE**

ASX CODE MTN

**QUARTERLY ACTIVITY REPORT
1st January – 31st March 2011**

Marathon Resources Limited (ASX: "MTN") is pleased to present its Activity Report for the Quarter ending 31st March 2011. Highlights of the past Quarter include:

- Marathon accepted the renewal of Exploration Licence 4355
- Successful Share Placement and Rights Issue
- Preparation of a Declaration of Environmental Factors (DEF) for a drilling program

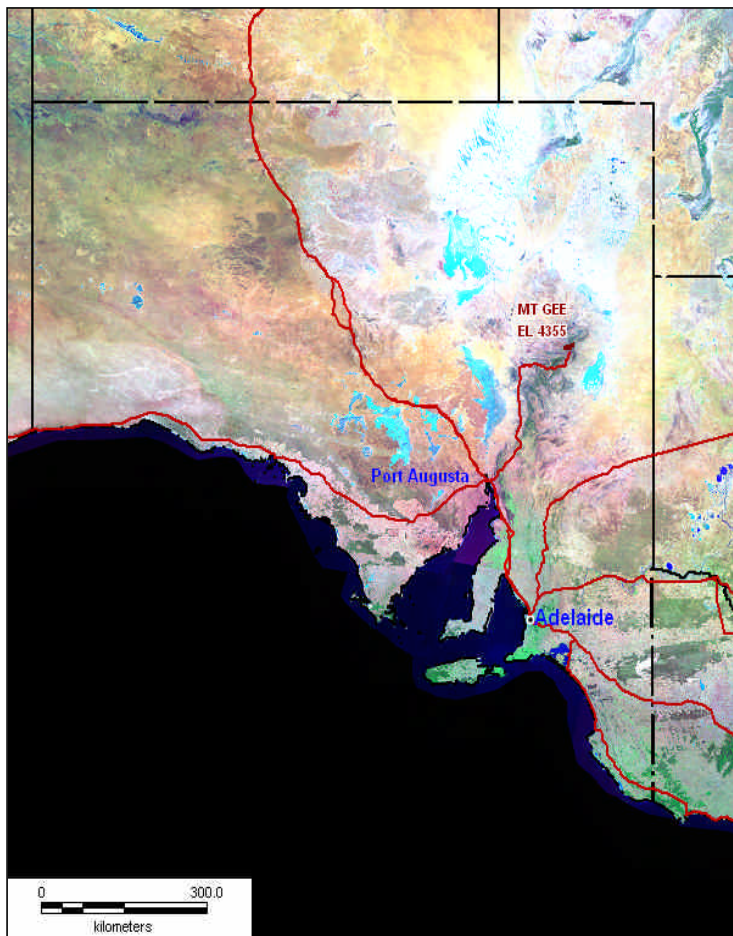


Figure 1: Marathon Resources - Tenement Map

EL 4355 Mt Gee

South Australia

Acceptance of renewal of Exploration Licence 4355

Marathon accepted the licence renewal terms and conditions on 7th Feb 2011, effective from 22nd October 2010 for a period of 16 months. Marathon will conduct approved exploration activities on the highly prospective Mt Gee project. Future exploration activities will focus on increasing the Mt Gee and Armchair resources and test the recently discovered high grade shear systems.

Share Placement and Rights Issue

On 7th February 2011, Marathon announced it has raised \$5.46m (before expenses) via a placement of 10,920,301 fully paid ordinary shares at \$0.50 per share to key institutions and major shareholders. The funds raised will be applied to the next phase of exploration and for working capital purposes. These funds were supplemented on 24th March 2011 by \$2.045m raised via a one (1) for ten (10) non-renounceable pro-rata issue priced at \$0.50 per new Marathon share.

Eligible shareholders of the Company, at an Extraordinary Meeting held on 4th April 2011, approved the issue of shares pursuant to the placement in order to refresh the Company's capacity to issue new capital in the future within the limit prescribed by ASX Listing Rule 7.1.

New Major Shareholder

On 16th February 2011, Mount Kellett Capital Management LP ("Mount Kellett") advised it had a relevant interest of 19.9% of Marathon's voting shares. Mount Kellett is a multi-strategy investment firm based in New York which invests in North America, Asia and Europe.

On the same day Talbot Group Holdings Pty Ltd and Talbot Group Investments Pty Ltd notified the ASX that they no longer had a relevant interest in any of Marathon's voting shares.

Preparation of a DEF for a drilling program

A DEF proposal is in progress. Location of drill holes have been checked to ensure the minimum impact to the environment. Marathon is proposing a drilling exploration program to demonstrate the North, Northeast, East, Southeast and Southwest extensions of the Mt Gee deposit. Subsequent DEFs will be prepared to test other deposits within EL4355.



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ABN 31 107 531 822

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MARATHON RESOURCES

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The information in this report that relates to Exploration Results has been compiled by Dr Phung Nguyen B.Sc (Hons, Uni. Adelaide), PhD (Uni. WA), a part-time employee of Marathon and a Member of the AusIMM. Dr Nguyen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person for the purposes of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Nguyen consents to inclusion in the report of these matters based on their information in the form and context in which it appears.

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Notes to Editor

Marathon Resources is a minerals exploration company focused on the development of several prospects in the North Flinders Ranges.

These prospects (including Mt Gee, which is one of Australia's largest undeveloped uranium deposits), are located within the Paralana Mineral System of South Australia, a uranium-rich state that is home to the Olympic Dam deposit.

Marathon listed on the Australian Securities Exchange on 15 March 2005, under the stock code of MTN

www.marathonresources.com.au

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.

Name of entity

Marathon Resources Limited

ABN

31 107 531 822

Quarter ended ("current quarter")

31 March 2011

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 (2) camp infrastructure (b) development (c) production (d) administration	(198) (126) (535)	(509) (315) (1,555)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	23	90
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (R & D Concession)	-	221
Net Operating Cash Flows	(836)	(2,068)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (8)	- - (8)
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)		
	-	-
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(844)	(2,076)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(844)	(2,076)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	7,539	7,539
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	(32)	(32)
	Net financing cash flows	(7,507)	(7,507)
	Net increase (decrease) in cash held	6,663	5,431
1.20	Cash at beginning of quarter/year to date	594	1,826
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,257	7,257

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	70
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

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	475
4.2 Development	
4.3 Production	
4.4 Administration	525
Total	1,000

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	70	53
5.2 Deposits at call	7,187	541
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,257	594

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	EL 4052 Blanchetown	Tenement lapsed on Anniversary (02.02.11)	100%	0
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 Preference securities <i>(description)</i>				
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	15,010,213 100,000 28,899 -	15,010,213 100,000 28,899	0.50 0.34 Not yet determined	0.50 0.34 0
7.5 *Convertible debt securities <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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>
	3,000,000	-	1.037 1.014	30.06.2011
	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	100,000		0.34	0.34
7.10 Expired during quarter	-			

+ See chapter 19 for defined terms.

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

Sign here  Date: 28 April 2011
(Company secretary)

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.
- 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 1022: Accounting for Extractive Industries* and *AASB 1026: 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.