



27 April 2007

By E-lodgement: ASX On-line

Manager Companies
Company Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam

**ASX Code MTN
Quarterly Activity Report and Appendix 5B**

Please find attached¹ the Company's Quarterly Activity Report and Appendix 5B for the period ending 31 March 2007.

Yours faithfully

A handwritten signature in black ink, appearing to read "Sam Appleyard", is written over a light grey rectangular background.

Sam Appleyard
Company Secretary

¹ Activity Report and Appendix 5B to 31/3/07

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Friday, 27 April 2007

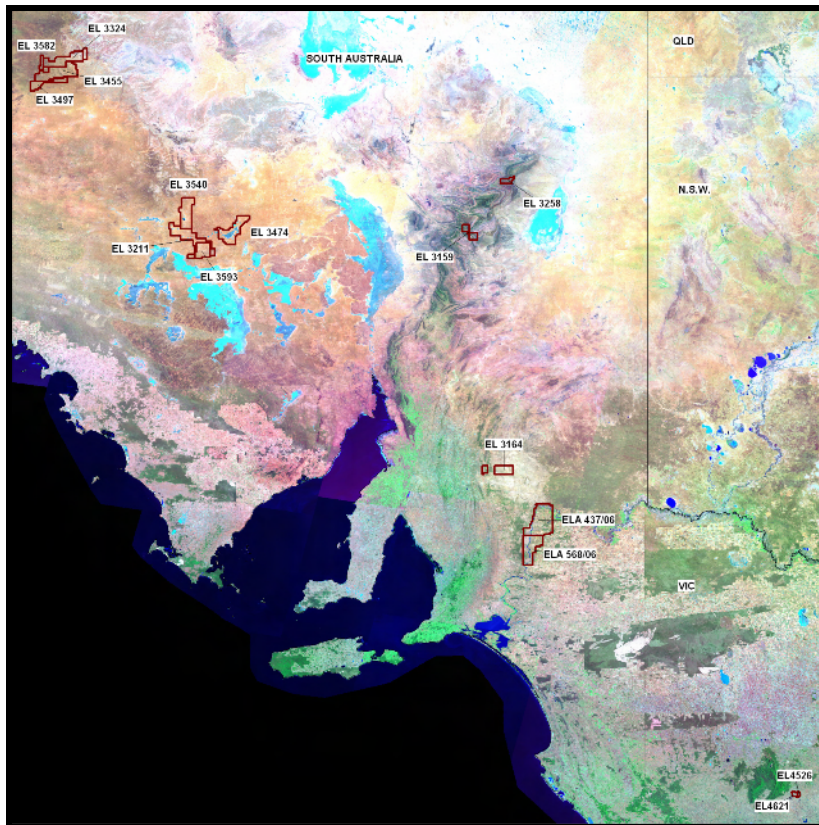
COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN STOCK EXCHANGE



ASX CODE MTN

**QUARTERLY ACTIVITY REPORT
1 JANUARY 2007 – 31 MARCH 2007**

Marathon is pleased to present its activity report for the quarter ending 31 March 2007, during which a resource drilling program was completed at Mt Gee and exploration was conducted on Marathon's other tenements (Figure 1).



Mt Gee	EL 3258
Mabel Creek	EL 3324
Woorong Creek	EL 3455
Mulga Well	EL 3211
Coondambo	EL 3593
Pinda Springs	EL 3159
Mongolata	EL 3164
Kalymna	EL 4526
Glenlyle	EL 4621
McDowell Hill	EL 3474
Tallaringa	EL 3497
Bon Bon	EL 3540
Blanchetown	ELA 437/06
Swan Reach	ELA 568/06
Paragon Bore	EL 3562

Figure 1: Marathon's Exploration Licenses in South Australia and Western Victoria (Landsat Image courtesy Geoscience Australia)

The focus of activity during the quarter was the drilling program at Mt Gee in the Paralana Mineral System which was completed on 17 March 2007. Results were released on 19 January, 14 February and 15 March, and further results will be released shortly. Results to date confirm the size and grade of the Mt Gee deposit in the Paralana Mineral System, part of 100% owned EL 3258 in the Northern Flinders Ranges of South Australia (Figure 2).

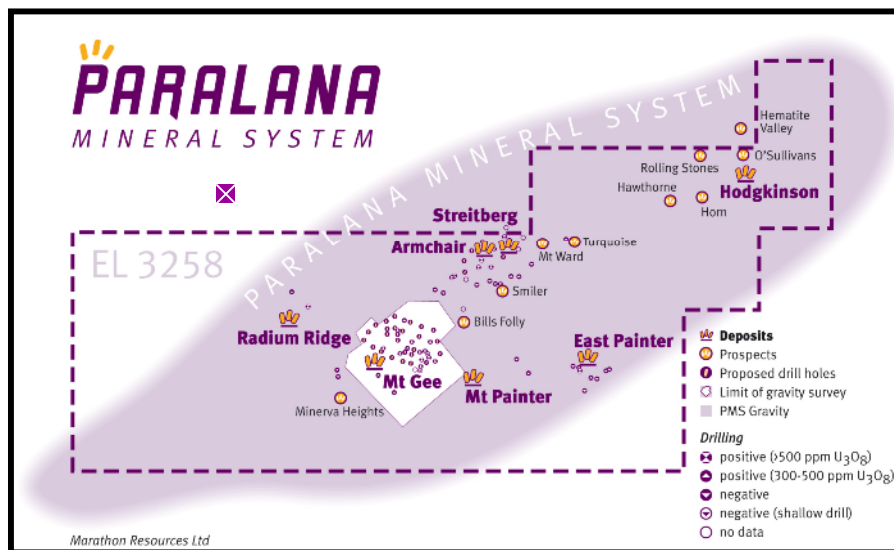


Figure 2: EL 3258, The Paralana Mineral System

Gamma logging results from the completed drilling program at Mt Gee have been received and final chemical analyses are pending. Of the 93 planned holes a final total of 73 holes were completed; 5 remained to be drilled on rig demobilisation, 7 were deleted on geological grounds, and 8 deferred pending access remediation. Of the 73 holes, 44 were completed in Mt Gee West and 29 completed in Mt Gee East. Most of the deleted, deferred or shortfall holes are in the Mt Gee East area. The drilling confirmed the company's deposit model and understanding of the Paralana Mineral System, with increased intercept thicknesses and, in many cases, increased grades.

At this stage, most of the Mt Gee drilling results have been incorporated into the deposit data base and transmitted to Hellman & Schofield, resource estimation professionals, who have been engaged by Marathon to follow up their earlier work and provide a new resource estimate. It is expected that the new estimate will be completed this quarter.

Due diligence diamond drilling commenced at the Armchair deposit on 28 February and finished on 17 March 2007 for total of 850m spread across 4 holes. Two holes were targeted in the vicinity of previous good intersections to check assay and geological validity and two holes elsewhere to test down-dip potential of the mineralised system. Based on this work the mineralisation at Armchair appears very similar to Mt Gee, being hosted in hematitic breccias within an overall mass of altered and brecciated granitic units.

As announced on 3 March, an interim scoping report on the possibility of mining the Mt Gee deposit and processing product has been received from Coffey International Ltd subsidiary Coffey Mining Pty Ltd. As noted, the report is not a full scoping study as the information on which the study was based was itself preliminary and the Mt Gee resource on which the study was based was an inferred resource. Metallurgical testing needs to be completed and further geotechnical data accumulated before preliminary processing and mining conclusions can be reached.

Notwithstanding these limitations, the interim study points to underground mining as the "best" solution from both an economic and environmental standpoint. Planning is underway for a diamond drilling program to obtain the required metallurgical and geotechnical data, primarily from Mt Gee West, and to complete the 13 hole shortfall from the reverse circulation drilling program.

Glendambo (IOCG Cu-Au-U)

ASX listed UraniumSA Ltd is carrying out exploration over ELs 3211, 3474 and 3540 (Mulga Well, McDowell Hill and Bon Bon respectively) for palaeochannel uranium under its joint venture agreement with Marathon. Following conceptual design for exploration activities and negotiations with airborne geophysical contractors airborne electromagnetics were expected to be flown in the March 2007 quarter. In the event, UraniumSA announced on 30 March that the airborne survey had been delayed due to contractor operational difficulties.

Following final equipment testing and verification, systematic aeromagnetic surveying is now expected to commence shortly. Details of the survey flight lines remain unchanged from those shown in Marathon's last quarterly report, and are repeated below (Figure 3).

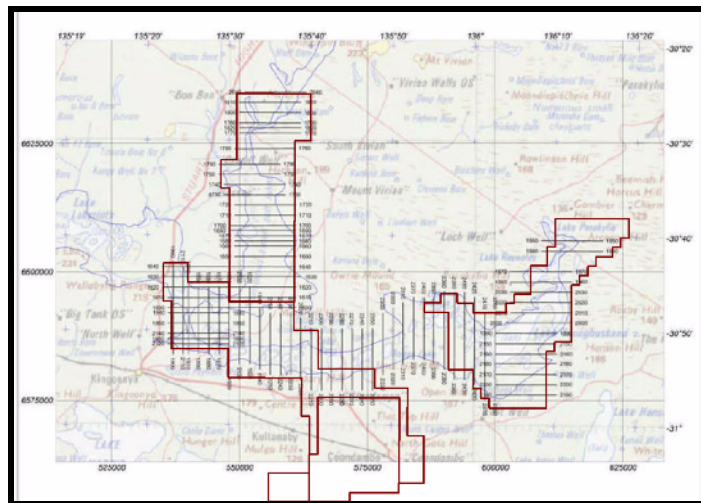


Figure 3: Kingoonya airborne survey plan (Courtesy UraniumSA, prepared by GPX).

Cooper Pedy (IOCG Cu-Au-U)

As noted previously, drilling operations at Cooper Pedy (Mabel Creek, Woorong Creek) have proved inconclusive and the exploration program has been reassessed. Discussions are intended to be held with joint venturer Minotaur Exploration Ltd as to future exploration of the area.

Mongolata (Au, Au-Cu)

Drilling commenced on the company's wholly owned Mongolata Project, located 30km east of Burra, on the 24 March 2007. The drilling program is jointly funded by Marathon and PIRSA under the PACE initiative.

A total of six holes are planned to depths of 350m for a total of 2100m to test coincident geochemical and geophysical anomalies under thin Murray Basin sediment cover testing for intrusion related gold-copper mineralization derived from the White Dam layered granitoid. Detailed calcrete geochemical sampling has identified coherent anomalies with coincident residual gravity anomalies within zones of low magnetic response (Figure 4).

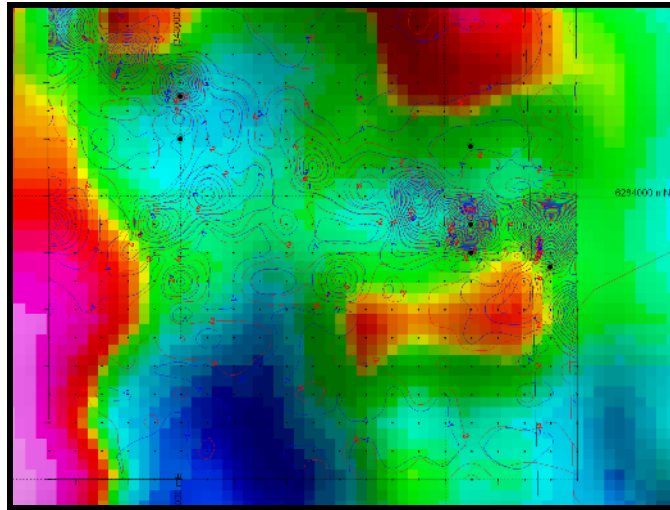


Figure 4: Calcrete Multi-element Geochemistry overlain on Residual Magnetics

Pinda Springs (Cu-Au, Zn-Pb)

A drilling program has been planned for Pinda Springs (EL 3159) and a rig contracted to commence drilling during the April-June quarter. Drilling will target anomalies identified from magnetic and gravity data as well as the results of recent stream sediment sampling and follow-up soil sampling. The Pinda Springs regional geology and the area of anomalous response is shown in Figure 5.

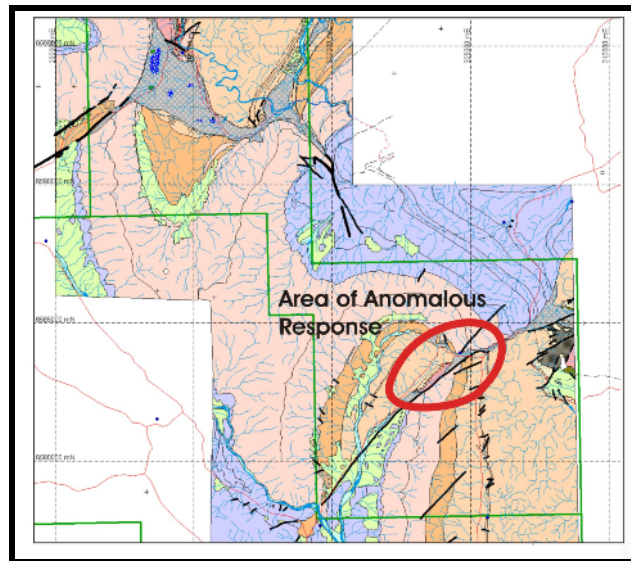


Figure 5: EL 3159, Regional Geology of Pinda Springs with area of anomalous geochemical responses. (After Narrina 1:100,000 Geology)

Western Victoria

A reassessment of the company's Kalymna and Glenlyle tenements in western Victoria was carried out during the quarter, following exploration drilling on both tenements.

At Kalymna, located 30km southwest of Ararat, air core drilling was completed during January. A total of 78 holes for 2213m were completed over the Moyston Fault zone to identify the extent

of the mineralisation intersected in reverse circulation drilling during 2006. The best intersection in that earlier drilling was 20m @ 0.9 g/t Au from 56m, including 4m @ 2.86g/t Au.

The results from the air core drilling define a zone >900m along the Moyston Fault showing strongly elevated or anomalous results. The result in KAC 39 is located ~80m north of the previous RC drilling strongly suggesting the presence of a mineralised “shoot” in the area. The company intends to canvas ongoing drilling options, including a diamond drilling program to investigate controlling structure. Significant results from composite samples include those shown adjacent Figure 6, below.

<i>Hole</i>	<i>Depth</i>	<i>Interval</i>	<i>Grade</i>
KAC 5	36-47	11m @	0.61g/t Au
KAC 11	29-33	4m @	1.00g/t Au
KAC 26	27-29	2m @	1.07 g/t Au
KAC 31	15-23	8m @	0.38 g/t Au
KAC 39	42-44	2m @	6.63 g/t Au

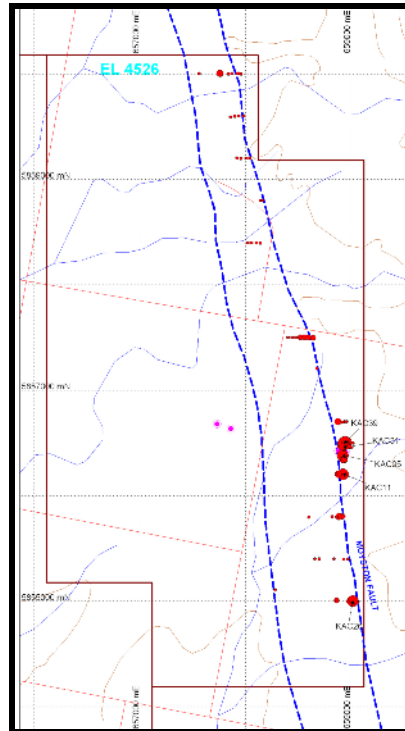


Figure 6: Location of Significant Results from Air Core Drilling along the Moyston Fault.

As a result of the tenement review and the above results, the company has decided to withdraw from the Glenlyle joint venture and concentrate on Kalyrna.

Warburton joint venture

Subsequent to the end of the January-March quarter and as announced on 20 April 2007, the company has entered into a joint venture with ASX listed Primary Resources Ltd to explore Primary’s Warburton tenements in Western Australia. The joint venture covers seven tenements or tenement applications, on which Marathon is committed to spent an initial \$850,000 of a total of \$3.25 million (in several tranches) to earn a 70% interest in the tenement. Primary has also granted Marathon a pre-emptive right over its Egerton tenements, to the east of the Warburton tenements, and Marathon has committed to take up a placement of 2.3 million Primary shares at 20 cents (of which 50% within 10 business days of the date of the agreement).

The tenements, covering of some 1,500 sq km, are located in an area of strong gravity and magnetic anomalism and where the regional geology is indicative of extensive tectonic activity (Figure 7). These encouraging features, coupled with significant radiometric anomalies, confirm the project area as having potential for as well as for nickel and other commodities.

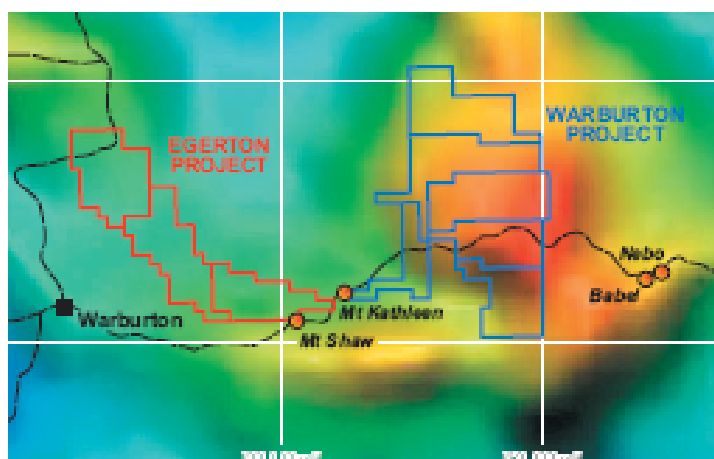


Figure 7: Location and regional gravity map of Warburton and Egerton Projects with tenement outlines

Appointment of Stuart Hall as CEO

As announced on 20 April 2007, the company has appointed Mr Stuart Hall as its Chief Executive Officer. Mr Hall has more than 30 years international experience in the resources and minerals processing industry, including work in Africa, Europe and Australia. He has held senior management positions for a number of the world's leading resource companies including BHP Billiton, WMC Resources and Rio Tinto.

Most recently, Mr Hall was Chief Executive Officer of Corridor Sands Limitada, the holding company for BHP Billiton's Corridor Sands project in Mozambique. He brings extensive experience in community consultation on social and environmental issues, of great importance to Marathon's projects and Mt Gee in particular. He takes over the role from Marathon's founding CEO, Dr John Santich, who continues with the Company as an Executive Director.

Office move to 235 Port Road Hindmarsh SA 5007

In keeping with its intention to develop the Mt Gee uranium deposit and to meet its growth targets the company has relocated from its Stepney premises to 235 Port Road, Hindmarsh, South Australia. The new premises provide adequate accommodation for existing staff and will allow the company to expand its numbers as the Mt Gee project development accelerates.

John Santich

Dr John Santich
Executive Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr Allan Younger, full time Chief Geologist of Marathon Resources Ltd and a Member of the Australasian Institute of Mining and Metallurgy. Mr Younger has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking 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. Mr Younger 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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Chief Executive Officer
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Belinda Yates
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John Santich
Executive Director
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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.

Name of entity

MARATHON RESOURCES LIMITED

ABN

31 107 531 822

Quarter ended ("current quarter")

31 MARCH 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(3140)	(4475)
1.3 Dividends received	(595)	(1442)
1.4 Interest and other items of a similar nature received	45	132
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Takeover defence – Drilling (Advance)/Repay	(314) 180	(708) (90)
Net Operating Cash Flows	(3824)	(6583)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	NIL NIL (6)	NIL NIL (31)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	1	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	(5)	(30)
1.13 Total operating and investing cash flows (carried forward)	(3829)	(6613)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3829)	(6613)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	33	7191
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 –Prospectus & Supplementary Prospectus		
	Net financing cash flows	33	7191
	Net increase (decrease) in cash held	(3796)	578
1.20	Cash at beginning of quarter/year to date	8574	4200
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4778	4778

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	142
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

NONE

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

NONE

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	NIL

Appendix 5B
Mining exploration entity quarterly report

3.2 Credit standby arrangements	NIL	NIL
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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1250
4.2	Development	NIL
Total		1250

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	238	98
5.2 Deposits at call	4540	8476
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4778	8574

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	No Tenement disposals or reductions		
6.2	Interests in mining tenements acquired or increased	NO NEW TENEMENTS GRANTED		

Appendix 5B
Mining exploration entity quarterly report

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>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3 +Ordinary securities	50,050,395	50,050,395		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	165,000 NIL	165,000	.20	.20
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>	5,430,000 30,000 160,000 3,000,000	NIL NIL NIL NIL	<i>Exercise price</i> 20¢ 20¢ 45¢ 118¢	<i>Expiry date</i> 30.6.2009 30.6.2010 30.6.2010 30.6.2011
7.8 Issued during quarter				
7.9 Exercised during quarter	165,000			
7.10 Expired during quarter	NIL	NIL		
7.11 Debentures <i>(totals only)</i>	N/A	N/A		
7.12 Unsecured notes <i>(totals only)</i>	N/A			

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 give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date:27/04/07

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.

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