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ASX RELEASE

MARATHON RESOURCES

ASX RELEASE

31 January 2008

Manager Companies  
Companies Announcements Office  
Australian Stock Exchange Limited

**By e-mail: ASX On-Line**

Dear Sir/Madam

**ASX Code: MTN**  
**Quarterly Activity Statement and Appendix 5B**

Please find attached Marathon's Quarterly Activity Report and Appendix 5B Quarterly Report for the period ending 31 December 2007.

Yours faithfully

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

Sam Appleyard  
Company Secretary



## COMPANY ANNOUNCEMENTS OFFICE AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN  
31 January 2008

### QUARTERLY REPORT 1 October 2007 – 31 December 2007

Marathon is pleased to present its activity report for the quarter ending 31 December 2007, with highlights including:

- Rights Issues raising \$15.5 million
- Announcement of \$7.2 million drilling program
- Appointment of new Executive team
- Annual General Meeting
- Pre-feasibility Study approved
- Environmental Impact Statement given the green light
- Exploration advancing on numerous tenements (Figure 1)

#### **Rights Issue**

On 31 October, Marathon announced it had raised \$15.5 million of its \$27 million, one-for-five rights issue. The rights issue closed with Marathon shareholders taking up about 57% of the entitlement, representing the issue of 6.2 million new shares.

Talbot Group Holdings Pty Ltd and CITIC Australia Pty Ltd, which together hold approximately 19.59% of Marathon's share capital took up full their respective entitlements under the Rights Issue. Marathon's Directors, who collectively control 11.23% of the Company, also took up the majority of their full entitlements.

The Board considered a placement of shares not taken up in the rights issue but decided, with the substantial diminution of prices for shares on the ASX, including Marathon's, that a placement within the three month time limit was inappropriate.

#### **Drilling Program**

The \$7.2 million, 50-hole drilling program commenced in November 2007 with up to four drill rigs operating at one time. The results of the program, which aims to increase the confidence of the existing inferred resource, are not expected until June 2008.

#### **New Executive Team**

The company announced a restructuring of its Executive Team on 1 November, with Denis Wood appointed as Executive Director in charge of the Mt Gee Uranium Project, and John Santich, a founder of the company and former CEO, managing exploration and new project generation. In recent weeks the company has announced further strengthenings to the management team with Chris Schacht joining the Board and W. Ian McRae engaged as Mt Gee Project Executive.

### Pre-Feasibility Study and Environmental Impact Statement

SMG Consultants were commissioned to undertake the comprehensive Pre-Feasibility Study of the mining process, while Enesar Consulting – a subsidiary of highly-respected engineering group, Coffey International - has been secured for the Environmental Impact Statement.

### Tenement Update

Although the major focus was on completion of the programs in the Paralana Mineral System, exploration activity, continued on other tenements. Field work was conducted in the Gawler Craton where extensive calcrete sampling was completed. Regional reconnaissances were completed around Warburton in WA and around Bonang in eastern Victoria. A number of new tenements were granted to the Company.

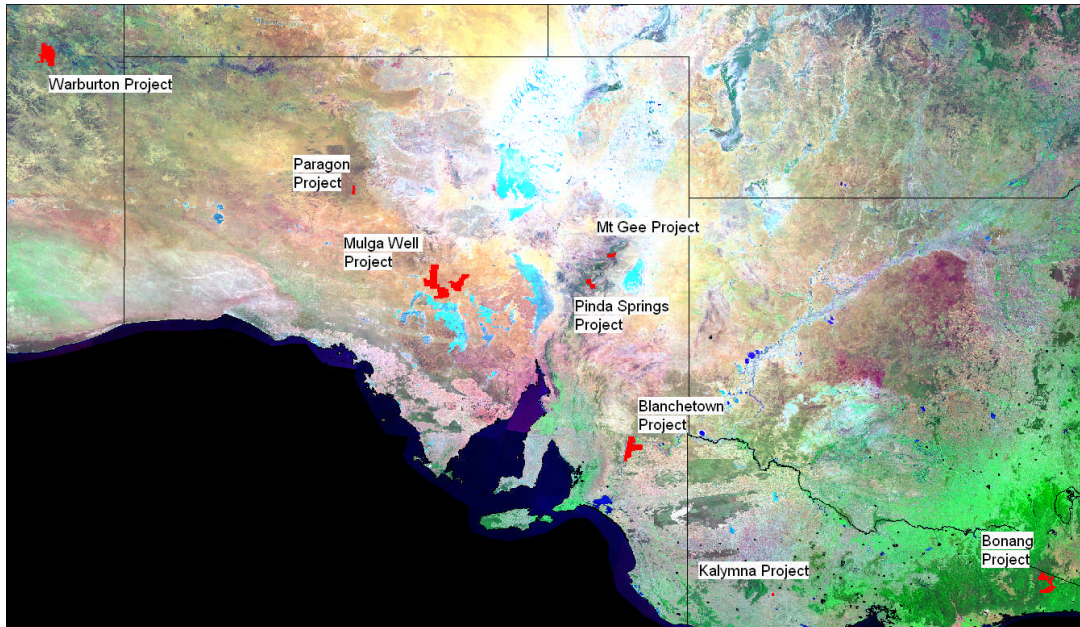


Figure 1: Marathon's Exploration Licenses in Southern Australia.  
(Landsat Image courtesy Geoscience Australia)

### Mt Gee

At Mt Gee the company will continue to build its understanding of the resource based on further drilling and will revise our estimates as new information comes to hand. As a result of the revised resource model, Marathon is re-appraising its exploration strategy at Mt Gee with a view to developing an optimum plan to upgrade a significant portion of the Inferred Resource to Indicated Resource status.

The Mt Gee project remains one of the largest undeveloped uranium deposits in Australia, with excellent exploration potential and good prospects for upgrades/additions to the current resource figure.

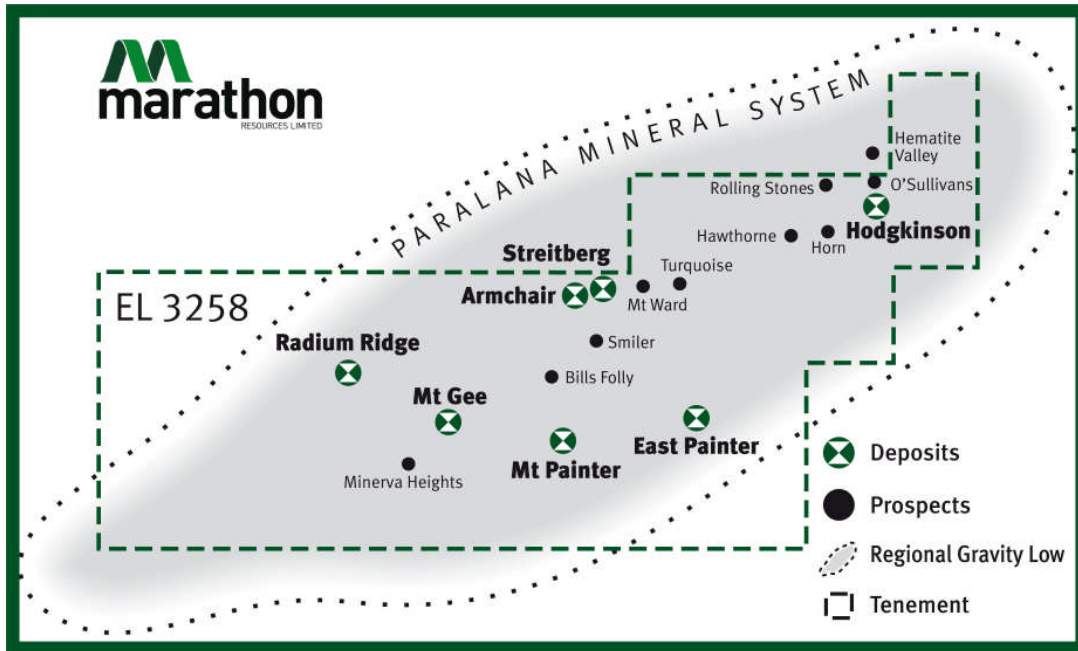


Figure 2: EL 3258, The Paralana Mineral System within the Mt Gee project area.

Diamond drilling in the Mt Gee West area to obtain geotechnical data, twinning of RC drill holes and metallurgical samples was completed during the period for 7 holes totalling 1278 metres. Holes were logged geophysically and analytical results are pending. Samples were also sent for geotechnical testwork.

The gamma geophysical data has not been released as it was used solely as a conformation tool for the definition of the metallurgical sample zones and as such duplicated the RC program assay results. The gamma results are shown in holes DD07MN095-99 and 104-106, and are appended.

Work has since focussed entirely on the Mt Gee East area; at the end of the period 6 holes for 1627 m have been completed with the program essentially completing this drilling. The next stage of drilling has been approved and will commence at the beginning of the 3<sup>rd</sup> Quarter.

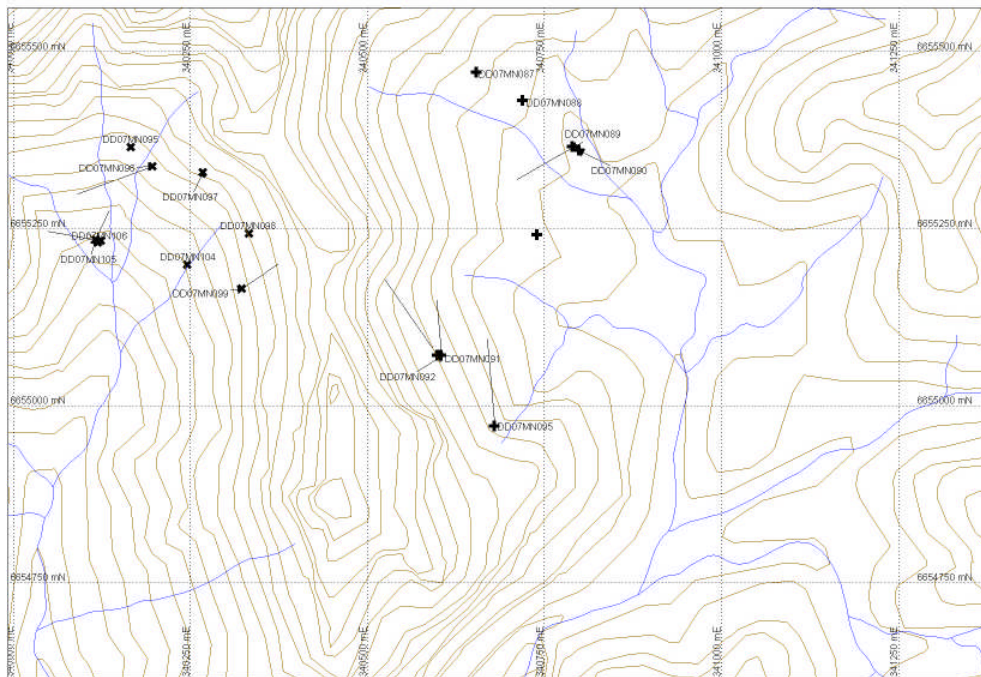


Figure 3: EL3258, Drilling to end of Q2, Mt Gee West and East.

Continuation of other data acquisition activities ahead of a pre-feasibility study planned for this year progressed with detailed geological re-mapping of the Mt Gee area being completed by Professor Paul Bons of Tübingen University, Germany. Professor Bons has led numerous student research parties on the geology and structural aspects of Mt Painter Inlier over many years.

Results of detailed air photography completed in the quarter were received along contour data at 5m intervals covering the entire project area.

As advised in its media release 16 January 2008, and ASX release 22 January 2008, subsequent to the end of the quarter PIRSA and the EPA initiated an investigation regarding the manner in which Marathon had disposed of exploration materials at its Mt Gee project. The investigation is continuing and Marathon is co-operating fully with the authorities.

Further, the Company has commenced its own internal investigation into its practices to assess compliance with the Exploration Licence requirements.

### **Mongolata**

The eastern portion of the tenement was joint ventured with Australian Field Services Pty Ltd and an airborne EM survey completed.

Subsequently Marathon entered a conditional agreement for sale of the tenement with Phoenix Copper Ltd for 750,000 shares, and 750,000 options in Phoenix subject to its successful listing on the ASX. It is anticipated Phoenix will list during the first half of February 2008 subject to satisfying regulatory requirements.

### **Mulga Well/Coondambo**

Results of the detailed soil sampling over the Coventry Prospect have been received which validate the broad spaced calcrete sampling results, clearly defining the structure has been accurately located for drill testing.

A PACE drilling proposal has been lodged with PIRSA.

Regional calcrete sampling has been completed over the Coondambo tenement area to create total coverage of the project area.

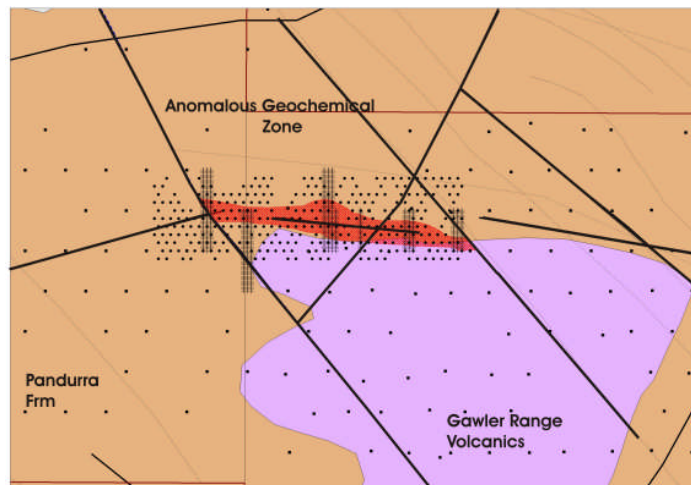


Figure 3: EL 3211, defined target zone for drilling, Coventry prospect.

### **Warburton**

Five additional tenements totalling 820 sq km were granted during the quarter bringing the project area to about 1055 sq km within 7 exploration licences.

The gravity and aeromagnetic interpretation has identified two strong targets and a third weaker target in the combined area. These target zones were inspected during a helicopter supported reconnaissance program during the quarter, plus most of mapped areas of mafic outcrops and the regional regolith was reviewed for planning of sampling programs.

Numerous orientation samples were collected. The reconnaissance has indicated that regional programs should be undertaken with helicopter support to improve efficiency.

**Kalymna**

The drilling program has been finalised and a work program has been lodged with the DPI. .

An application for financial assistance for the drilling program under the “Rediscovering Victoria” State Initiative has been lodged with the DPI. Landowner liaison is under way.

This program is scheduled to commence early in the next Quarter.

**Results of Geophysical logging at Mt Gee**

DD07MN095-99 and 104-106a are diamond drill holes twinning previously announced RC drillholes.

DD07MN090;	NSI	
DD07MN091;	NSI	no penetration below 64m
DD07MN092;	NSI	no penetration below 23m
DD07MN093;	181-186m	5m @ 530 ppm eU <sub>3</sub> O <sub>8</sub> (0.05% eU <sub>3</sub> O <sub>8</sub> )
DD07MN094;	151-160m	9m @ 663 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
DD07MN095:	26-31m;	5m @ 942 ppm eU <sub>3</sub> O <sub>8</sub> (0.09% eU <sub>3</sub> O <sub>8</sub> )
	39-44m;	5m @ 690 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
	51-55m;	4m @ 564 ppm eU <sub>3</sub> O <sub>8</sub> (0.06% eU <sub>3</sub> O <sub>8</sub> )
	67-77m;	10m @ 854 ppm eU <sub>3</sub> O <sub>8</sub> (0.08% eU <sub>3</sub> O <sub>8</sub> )
	Logging finished in mineralization	
DD07MN096;	87-94m;	7m @ 645 ppm eU <sub>3</sub> O <sub>8</sub> (0.06% eU <sub>3</sub> O <sub>8</sub> )
	113-135m	22m @ 820 ppm eU <sub>3</sub> O <sub>8</sub> (0.08% eU <sub>3</sub> O <sub>8</sub> )
DD07MN097;	76-77m;	13m @ 589 ppm eU <sub>3</sub> O <sub>8</sub> (0.06% eU <sub>3</sub> O <sub>8</sub> )
	94-99m;	5m @ 592 ppm eU <sub>3</sub> O <sub>8</sub> (0.06% eU <sub>3</sub> O <sub>8</sub> )
	103-108m;	5m @ 546 ppm eU <sub>3</sub> O <sub>8</sub> (0.05% eU <sub>3</sub> O <sub>8</sub> )
	113-118m;	5m @ 513 ppm eU <sub>3</sub> O <sub>8</sub> (0.05% eU <sub>3</sub> O <sub>8</sub> )
	131-136m;	5m @ 598 ppm eU <sub>3</sub> O <sub>8</sub> (0.06% eU <sub>3</sub> O <sub>8</sub> )
	162-204m;	42m @ 1149 ppm eU <sub>3</sub> O <sub>8</sub> (0.11% eU <sub>3</sub> O <sub>8</sub> )
DD07MN098;	73-78m;	5m @ 668 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
	141-147m;	6m @ 742 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
	168-208m;	40m @ 785 ppm eU <sub>3</sub> O <sub>8</sub> (0.08% eU <sub>3</sub> O <sub>8</sub> )
DD07MN099;	Not Logged, Rods in hole	
DD07MN104;	48-53m;	5m @ 923 ppm eU <sub>3</sub> O <sub>8</sub> (0.09% eU <sub>3</sub> O <sub>8</sub> )
DD07MN105;	20-27m;	7m @ 730 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
	37-42m;	5m @ 1087 ppm eU <sub>3</sub> O <sub>8</sub> (0.11% eU <sub>3</sub> O <sub>8</sub> )
DD07MN106;	18-32m;	14m @ 684 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
DD07MN106a;	21-26m;	5m @ 602 ppm eU <sub>3</sub> O <sub>8</sub> (0.06% eU <sub>3</sub> O <sub>8</sub> )
DD07MN107;	57-67m;	10m @ 1207 ppm eU <sub>3</sub> O <sub>8</sub> (0.12% eU <sub>3</sub> O <sub>8</sub> )
	132-139m;	7m @ 707 ppm eU <sub>3</sub> O <sub>8</sub> (0.07% eU <sub>3</sub> O <sub>8</sub> )
DD07MN108;	41-49m;	7m @ 1588 ppm eU <sub>3</sub> O <sub>8</sub> (0.16% eU <sub>3</sub> O <sub>8</sub> )

\*Minimum width 5m , >500 ppm U<sub>3</sub>O<sub>8</sub> with maximum 3m internal dilution.

## Tenement Listing

EL No	EL Name	Area (sq km)	Registered Title Holder(s)	Joint Venture Partners	Manager/ Operator	Grant / Application Date
3593	Coondambo	320	Platsearch NL 50%, Marathon Resources Ltd 50%		MTN	5/07/2006
3211	Mulga Well	609	Marathon Resources Ltd	UraniumSA	USA	22/06/2004
3159	Pinda Springs	168	Marathon Resources Ltd		MTN	20/01/2004
3164	Mongolata	283	Marathon Resources Ltd		MTN	13/02/2004
3258	Mt Gee	89	Bonanza Gold Pty Ltd		MTN	11/10/2004
3474	Macdowell Hill	459	Marathon Resources Ltd	UraniumSA	USA	5/12/2005
3540	Bon Bon	537	Marathon Resources Ltd	UraniumSA	USA	19/04/2006
3562	Paragon Bore	69	Marathon Resources Ltd		MTN	5/06/2006
251/07	Blanchetown	805	Marathon Resources Ltd		MTN	Offered 12/12/07
4526	Kalymna	29	PS and GF Forwood Pty Ltd, Chivelle Pty Ltd	Marathon	MTN	19/12/2000
ELA5085	Little Yalmy	223	Marathon Resources Ltd	Marathon		20/08/2007
ELA5086	Deddick River	272	Marathon Resources Ltd	Marathon		20/08/2007
E69/1564	Warburton	140	Urex Pty Ltd	Marathon	MTN	12/09/2001
E69/2211	Brelyalee	~95	Primary Resources Limited	Marathon	MTN	18/06/2007
E69/2177	Mt Glyde	90	Primary Resources Limited	Marathon	MTN	17/10/2007
E69/2178	Barrow NW	196	Primary Resources Limited	Marathon	MTN	17/10/2007
E69/2179	Barrow North	196	Primary Resources Limited	Marathon	MTN	17/10/2007
E69/2180	Barrow Range	195	Primary Resources Limited	Marathon	MTN	17/10/2007
E69/2181	Mount Eliza	143	Primary Resources Limited	Marathon	MTN	17/10/2007
ELA 25751	Angela		Marathon Resources Ltd	Marathon		7/12/2006

*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.*

**Contact:**

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**Notes to Editor**

Marathon Resources is a minerals exploration company focused on the development of Mt Gee, one of Australia's largest undeveloped uranium deposits.

The Mt Gee project is located within the Paralana Mineral System of South Australia, a uranium-rich state which is home to the world's largest uranium deposit at Olympic Dam. Mt Gee has an Inferred Resource of 45.6 million tonnes of uranium mineralisation averaging 0.068% U<sub>3</sub>O<sub>8</sub>, or 69 million pounds of contained U<sub>3</sub>O<sub>8</sub>.

Marathon's portfolio includes highly prospective copper-gold-uranium properties in the Gawler Craton of South Australia and other gold and copper-gold projects in South Australia and western Victoria, including first class copper-gold and base metal (silver-lead-zinc) projects in the Adelaide Geosyncline in South Australia and a prospective copper-gold project in the Moyston Fault Zone in Victoria.

Marathon also has a joint venture with listed uranium explorer UraniumSA Ltd (ASX: USA), in which the company holds a 7% stake; and with Primary Resources Ltd (ASX: PRZ) in the Warburton Project in Western Australia.

Marathon Resources listed on the Australian Securities Exchange on 15 March 2005, under the stock code of MTN.  
[www.marathonresources.com.au](http://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.

Name of entity

MARATHON RESOURCES LIMITED

ABN

31 107 531 822

Quarter ended ("current quarter")

31<sup>st</sup> December 2007

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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) exploration and evaluation (b) development (c) production (d) administration	(1998)	(3142)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	77
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Takeover defence – Capital Raising costs	(1765) (60)	(1943) (60)
<b>Net Operating Cash Flows</b>	<b>(4440)</b>	<b>(6438)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(132)	(199)
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>	<b>(132)</b>	<b>(199)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4572)</b>	<b>(6637)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(4572)	(6637)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	15515	16038
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	-	
	<b>Net financing cash flows</b>	<b>15515</b>	<b>16038</b>
	<b>Net increase (decrease) in cash held</b>	<b>10943</b>	<b>9401</b>
1.20	Cash at beginning of quarter/year to date	442	1984
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>11385</b>	<b>11385</b>

**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	110
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.*

	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**

+ See chapter 19 for defined terms.

	\$A'000
4.1 Exploration and evaluation	3800
4.2 Development	
<b>Total</b>	<b>3800</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	310	87
5.2 Deposits at call	11075	355
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>11385</b>	<b>442</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	No tenement disposals		
6.2	EL (TBA)	0%	100%
	E69/2177 to E69/2181	0%	0%

+ See chapter 19 for defined terms.

**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	Amount paid up per security
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>	60,590,287	60,590,287		
7.4 Changes during quarter (a) Increases through issues				
	6,200,592	6,200,592	\$2.50	\$2.50
	15,000	15,000	0.45 cents	0.45 cents
	37,200	37,200	0.20 cents	0.20 cents
	-			
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				
			Exercise Price	Expiry Date
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,105,700	-	0.20 cents	30.6.2009
	30,000	-	0.20 cents	30.6.2010
	145,000	-	0.45 cents	30.6.2010
	3,000,000	-	\$1.18	30.6.2011
	500,000	-	\$4.36	6.8.2010
7.8 Issued during quarter				
7.9 Exercised during quarter	52,200	52,200		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	N/A			

+ See chapter 19 for defined terms.

## 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:  Date: 31st January 2008  
(Director)

Print name: Peter Williams

## 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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