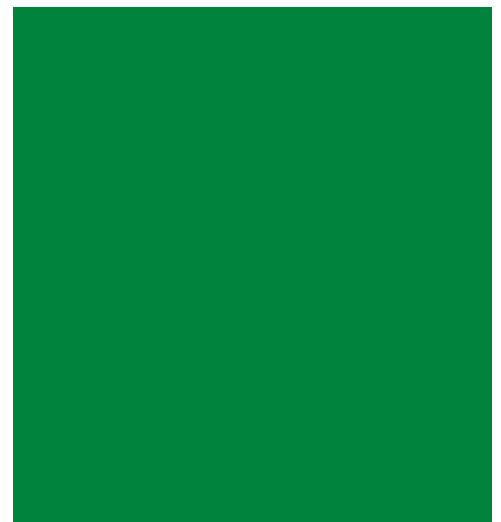


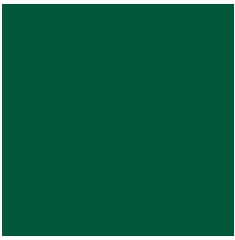
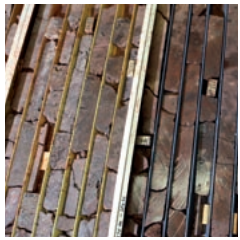


marathon resources limited
annual report 2009





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SOUTH AUSTRALIAN URANIUM ENERGY FOR THE WORLD

CHAIRMAN'S ADDRESS

This is the sixth Annual Report to shareholders of Marathon Resources Limited ("Marathon") and on behalf of your Board of Directors I have pleasure in presenting to you a summary of activities undertaken by the Company in 2008/2009.

The past year has seen the Company's operations divided into two parts:

- (i) the first involved the rectification of our Mt Gee uranium project site (EL3258) following the suspension of the company's drilling program by Primary Industries and Resources South Australia (PIRSA) in January 2008; and
- (ii) the second comprised Marathon embarking on a program of continuing exploration activities in South Australia and Victoria, and the Directors' Review of Operations later in this report contains the details of those activities. The principal activity in the second half of the year related to low impact, non-ground disturbing exploration at Mt Gee.

In respect of the first part, Marathon's Rectification Plan was approved by PIRSA in August 2008, with work commencing on 17 November 2008 and taking five weeks to be completed. Most importantly, PIRSA advised on 28 April 2009 that the works undertaken by Marathon had been carried out in accordance with the approved plan and subsequent seeding of rehabilitated sites was also completed satisfactorily.

The Minister for Mineral Resources Development confirmed in the South Australian Parliament on 28 April 2009 that PIRSA, in consultation with the Environmental Protection Authority (EPA), was satisfied that the rectification works had been completed in accordance with the approved Rectification Plan. The Minister advised Parliament that radiation surveys prior to excavation to post rectification works confirmed that radiation levels at EL3258 had not changed.

As a company, we thoroughly addressed the issues surrounding the previous drilling program and our operational procedures at the time. Shareholders are conscious of the nature of the scrutiny on us and the analysis we did to accept responsibility for our actions.

My comments last year were that these events had a profound effect on us but I am confident that we are retrieving our reputation. Marathon is committed to realising a vision of sustainability that addresses key stakeholder issues and demonstrates industry leading practice.

I refer particularly to those parts of the Directors' Review of Operations which deal with indigenous relations, research, water and power studies and community engagement. Marathon co-sponsored the Yarnballa Aboriginal Cultural Festival in October 2008 and we provided playground equipment for Iga Warta, an indigenous community in the northern Flinders Ranges, in South Australia.

The Native Title Consent Determination presided over by the Federal Court in March 2009 in the North Flinders was an historic event and we were proud to witness the event – invited by the Adnyamathanha Traditional Lands Association – which was a landmark decision for the Adnyamathanha people.

Marathon recognises the environmental sensitivity of the North Flinders region, and more importantly, we have

acknowledged that a greater expectation is required from us as an explorer in the uranium industry. The major Policy Paper we presented to shareholders and stakeholders in August 2008 outlined the assessment of risk associated with uranium. Therefore, exploration activities in the Paralana Mineral System on EL3258 will have mandatory safety measures for the planning and implementation of exploration work as required for all operators in South Australia.

In particular, the disposal of low-level radioactive materials and mining samples and other loose materials and rubbish must be done strictly in accordance with the requirements of the appropriate authorities.

There were two major findings in the Policy Paper which are fundamental to Marathon's sustainable development.

The first is that the company needs to adhere to the broad implications of its activities and integrate the short and long term expectations regarding economic, social and environmental factors. Marathon believes that uranium is a necessary resource for global energy needs, and equally the highest levels of stewardship and safeguards must apply at all times. Further, Marathon believes that mining, conservation and eco-tourism can be compatible if proper and sustainable protection is given and best-practice principles adopted.

In order to communicate the vision of sustainable development from exploration through to the potential of mining uranium, Marathon will consult in a transparent and inclusive manner. On one hand, the interests of those involved in conservation and eco-tourism are respected and the company expects to engage in comprehensive debate when environmental impact studies are released. On the other hand, Marathon believes the resources in EL3258 are of national significance worthy of further study and review, and of such size and scale that they can contribute considerably to Australia's national wealth.

The second relates to the culture of the Company, and the Policy Paper dealt with changes necessary in all Board, management and operational conduct to ensure we deliver on our own and your expectations. Our operating protocols necessarily extend to employees and contractors engaged by us so that we communicate and monitor in the best possible way.

There is no doubt that this financial year has witnessed a downturn in economic activity. Increased competition for outside services will produce better practices and reduce environmental risks associated with better induction and training. Sustainable development requires us to enforce accountability on all our people and we are confident that no compromise will be given in the management of our changed procedures and protocols.

Addressing Parliament on 28 April 2009, the Minister for Mineral Resources Development said:

"The Northern Flinders Ranges has high scenic, environmental and eco-tourism values but equally high prospectivity for copper, gold, uranium and other metals. The area is also recognised for having high prospectivity for development of geothermal energy.

"The challenge for Marathon Resources, in fact for all explorers in this region, is to show how the mineral and energy resource can be extracted from this region in a manner that preserves these environmental and scenic values."

I endorse those remarks.

The second part of the year's operations principally related to additional work undertaken on EL3258. A great deal of geophysical data from previous surveys undertaken by Marathon and other companies before us, has been reprocessed and we have a better understanding of, and confidence in, the mineralised systems.

The Company completed extensive ground gravity surveys, sediment and stream sampling and has recently completed helicopter magnetic and radiometric surveys.

All work conducted has been in accordance with PIRSA directions so that our exploration has been contained to low impact, non-ground disturbing activity as further infill drilling is not yet permitted.

Marathon advised shareholders on 30 April 2009 of the potential resource extension potential areas on EL3258, and confirmed that at this early stage of exploration we already have the fifth largest undeveloped uranium deposit in Australia, and the second largest in South Australia.

The South Australian Government's position continues to be one of support for the mining industry. Large resources have the potential to attract:

- (i) long-term investment;
- (ii) infrastructure commitments; and
- (iii) substantial royalty streams for Government.

Marathon's Mt Gee uranium project offers the potential to be a large-scale operation supporting these three factors.

The next phase of our work is exciting as much as it is challenging – and one readily accepted by Marathon as we will need to conduct the environmental, social and legal studies necessary for a mining licence to be approved. The company accepts that the Environmental Impact Statement (EIS) obligations are appropriate and necessary. Further analysis and drilling also is necessary to enable the Company to complete feasibility and scoping studies.

Nuclear Energy Outlook

Despite the obvious effects of the global financial crisis and the deferral of investment decisions by a number of companies, the demand for energy in emerging economies like China and India continues unabated.

Some of the arguments presented for the generation of energy from solar and wind sources are commendable, but do not address the shortfall to supply for base load electricity needs. There has been a perceptive change in the debate in Australia regarding the generation of nuclear energy, and Marathon continues to monitor the debate with interest.

Our energies are concentrated on the analysis of a resource large enough to attract international interest from large mining companies, and we believe that, with appropriate safeguards, the export of product through off-take

agreements with selected overseas stakeholders, and open market sales of a proportion of our production, combine to give Marathon shareholders the most profitable result for the future.

Board and Executive Management

The past year has been one of consolidation, and a very cohesive effort, from an unchanged Board. After implementing the changes outlined in August 2008, the Directors have been committed to delivering the vision for the Company. Our staff has worked diligently to complete the Rectification Plan at Mt Gee, and the result is a focussed, professional and determined group of people who understands and fully embraces our change in culture.

I am very pleased to report that Dr John G (Shad) Linley was appointed Chief Executive Officer and Managing Director on 10 June 2009. As I reported last year when Dr Linley became a non-executive director in June 2008, he had extensive corporate and resources experience which will be of great value to the company.

Not only does he have previous experience in South Australia – he gained his PhD from the University of Adelaide and later worked on the first stage at Roxby Downs in the 1980s – as CEO of Sun Metals Corporation, he was instrumental in the design, construction and commissioning of its world class zinc plant in an environmentally sensitive location in Queensland. This expertise was recognised by the Board as essential for the transition of Marathon from explorer to miner.

The Company has been fortunate to retain the services of Ian McRae as Project Director – Mt Gee. Ian's experience in the industry made a substantial difference to Marathon in this year of change, and on behalf of the Board, I thank him for his efforts. I also thank all our staff for their ongoing focus and determination in difficult circumstances. Their efforts have been commendable.

Conclusion

I reported to you last year that by October 2008 there was a greater resolve within the company following an immense deal of soul-searching and review. The circumstances in which we found ourselves at the time required a total overhaul of the way we operated, the way we communicated and the way we wish to be regarded in the future.

My view is that in 2008/2009 we have established the footprint for future success; it is a feat of endurance but I am confident that the coming year will be a rewarding one.



Peter L Williams

DIRECTORS' REVIEW OF OPERATIONS

Mt Gee Uranium Project – South Australia (EL 3258)

RESOURCE STATEMENT

The current resource estimate of the Mt Gee uranium project is 31.3Kt of contained U308. This ranks the project as the fifth largest undeveloped uranium deposit in Australia.

The Company believes potential exists for further mineralisation at Mt Gee, as the deposit is open to the northeast, east and southeast of the delineated mineralisation.

Additional mineralisation is evident at the Armchair and Hodgkinson deposits. However, resource estimates will not be possible until additional infill drilling is completed. A number of gravity, magnetic and radiometric anomalies also have been identified and will require drilling in the future.

REGIONAL GEOPHYSICAL DATASETS

During the year, Marathon Resources reprocessed geophysical data from surveys previously undertaken by Geoscience Australia, the Department of Primary Industries and Resources of South Australia (PIRSA) and CRA Exploration.

This updated data has led us to better understand the regional setting of the area's mineralised systems. In summary, there is a large underpinning gravity anomaly on a major structure defined by magnetics and gravity, and ringed with uranium anomalies. Also present are small isolated gravity highs which potentially represent shallow bodies of hematite breccia.

GROUND GRAVITY INTERPRETATION

During November and December 2008, a total of 1,967 gravity stations were recorded on three detailed lines, three grids, and 72 regional stations. The three detailed lines were recorded over areas of known mineralisation and the results are being used to assist in the interpretation of a more detailed survey over the EL. The three grids extended an existing detailed survey from 2001 and covered rock types known to host uranium mineralisation. The regional stations were measured at one kilometre intervals over the remainder of the tenement.

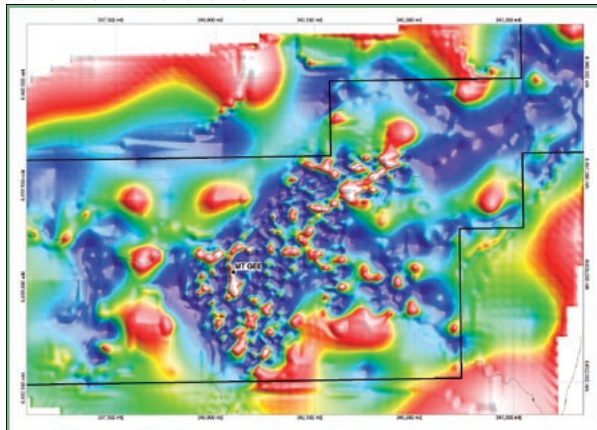


FIGURE 1: Detailed gravity results as first vertical derivative merged with regional gravity image.

The entire gravity data set was reprocessed and the compiled images display various structures and structural domains within the tenement including a strong NE and NW/NNW grain.

Figure 1 shows that the Mt Gee area is located within a regional gravity low. This gravity low is interpreted to represent a deep-seated granite intrusive, which was a possible source of the uranium-bearing mineralising fluids.

STREAM SEDIMENT INTERPRETATION

A total of 473 stream sediment samples were collected and assayed. A number of new anomalous areas have been identified (Figure 2).

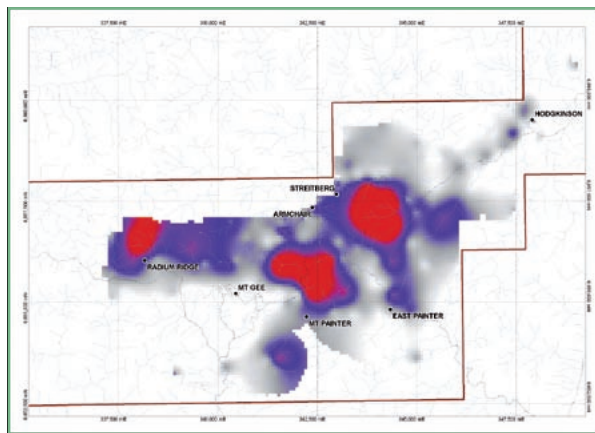


FIGURE 2: Image of Stream Sediment Geochemistry showing distribution of anomalous Uranium within EL 3258 Mt Gee.

HELICOPTER MAGNETIC AND RADIOMETRIC SURVEY

The current magnetic/radiometric data coverage over the Mt Gee tenement (EL 3258) comprised a combination of two airborne surveys completed by CRA Exploration in the early 1990s. The merger of these two datasets left a significant gap in the data coverage in the north-eastern portion of the Mt Gee tenement (Figure 3).

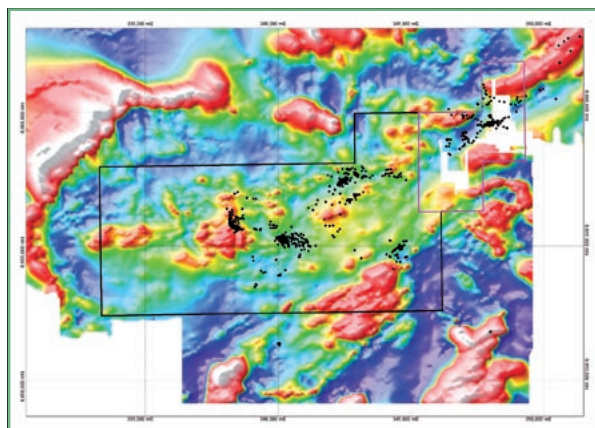


FIGURE 3: Mt Gee East survey area (magenta polygon) overlain on the current best quality stitched 'Reduced To Pole' (RTP) magnetic image with EL 3258 Mt Gee (black polygon) and drill hole collars, showing lack of data in northeast of the tenement.

A Robinson R44 helicopter equipped with a stinger mounted caesium vapour magnetometer and a 16 litre radiometric crystal pack (1024 channels) was used to re-survey the northeast corner of the EL (Figure 3). The lightweight, piston engine helicopter enabled the effective and safe collection of high quality data over the rugged terrain.

The newly acquired data provides superior results compared to the previous data (Figures 4 and 5).

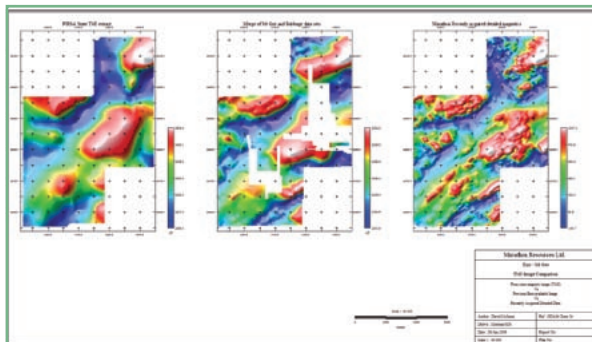


FIGURE 4: RTP magnetic images over the north-eastern portion of the Mt Gee tenement comparing the previously available magnetic data (two left hand images) and the newly acquired data on the right.

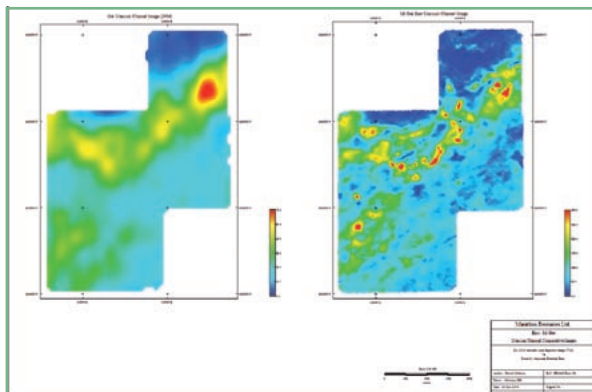


FIGURE 5: Uranium channel radiometric images displaying a comparison between the Geoscience Australia national radiometric grid and the recent Mt Gee East survey data.

**Glendambo Project
South Australia
U, IOCG (EL 3211, EL 3474, EL 3540, EL 3593)**

This project consists of four tenements - EL 3211 (Mulga Well), EL 3474 (McDowell Hill), EL 3540 (Bon Bon) and EL 3593 (Coondambo) - located 250 kilometres northwest of Port Augusta, South Australia. UraniumSA Limited (ASX: USA) undertook exploration in ELs 3211, 3474 and 3540 for palaeochannel uranium under its joint venture agreement with Marathon Resources. USA has been advised by the Royal Australian Air Force Aerospace Operational Support Group (which administers the Woomera Prohibited Area) that it has declined a request to enter EL 3474 (McDowell Hill) to conduct drilling.

The area is underlain by a mid-Proterozoic Pandurra Formation resting on Neo-Proterozoic complexes of the Gawler Range Volcanics. The Pandurra Formation is a

potential host for unconformity related uranium deposits similar to the Athabasca Sandstone of Canada, and the Kombolgie Sandstone of the Northern Territory.

A detailed, close-spaced soil sampling program was undertaken targeting structures hosting radiometric anomalies within the Mulga Well and Coondambo tenements. A follow-up drilling program is being considered.

The most prominent structures with a geochemical response are located in the north-west corner of the Coondambo tenement, as well as an east-west structure across the centre of the tenement. Detailed ground magnetic surveying was completed over these two areas and the resultant Total Magnetic Intensity (TMI) is shown in Figure 6. Results are being assessed to identify possible drill targets.

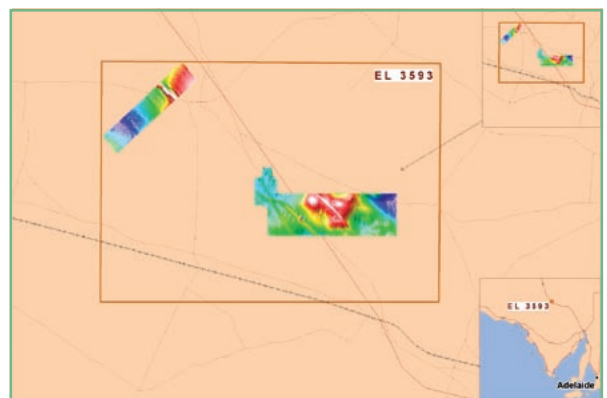


FIGURE 6: Portion of EL 3593 Coondambo showing TMI images from ground magnetic surveys.

**Blanchetown
South Australia
Heavy Mineral Sands (EL 4052)**

Marathon was granted EL 4052, near Blanchetown, approximately 120 km northeast of Adelaide, South Australia, in February 2008. The area was selected to follow-up previously identified monazite and other heavy minerals using geochemistry as an exploration tool. Following approval by the local council, initial calcrete sampling exploration was completed along the edge of selected public roads. Subsequent selected infill sampling confirmed the presence of several strandlines. A detailed helimag survey will be conducted during 2009/2010 to follow-up these strandlines.

**Western Victoria
Au, Cu (EL 4526)**

Previous air core and reverse circulation drilling defined a 900 metre long zone of anomalous gold values along the Moyston Fault. The exploration model being employed is based on the Moyston gold deposit, located 14 km north of our EL. The gold ore occurs in steeply dipping and plunging high-grade shoots along the main quartz reef line. The fault separates sandstones and shales on the west side of the fault from metamorphics on the east side of the fault.

The Company's exploration is focussed on the structurally controlled gold/copper mineralisation associated with ultramafic rocks on the western side of the tenement.

DIRECTORS' REVIEW OF OPERATIONS

Eastern Victoria Au, Porphyry Cu (EL 5085 and EL 5086)

Marathon Resources has two exploration licences (EL 5085 - Little Yalmy and EL 5086 - Deddick River) covering 589 km² in eastern Victoria, located at the southern limits of the Lachlan Fold Belt. The tenements have potential for large, low-grade Cu/Au mineralising systems or smaller high grade gold deposits. Gold anomalism has been recorded in stream sediments, and there are large areas that have not been subject to modern exploration.

The tenements were granted in September 2008. No exploration has been carried out to date, pending a review of the Company's exploration program.

ENVIRONMENTAL MANAGEMENT

In January 2008, the drilling program at the Mt Gee uranium project (EL3258) was suspended by PIRSA following the discovery of buried drill cuttings and assay samples contained in bags. A rectification plan was developed in conjunction with an independent consulting company to remove the bags and dispose of them at a location approved by the Environment Protection Authority (EPA). Drums of assay samples being retained for future analyses were recovered and relocated to an EPA approved site.

In August 2008, PIRSA approved Marathon Resources' Rectification Plan, with works commencing on 17 November 2008. All drill cuttings were decanted from the bags, which were then baled and transported to an EPA approved site on 23 December 2008.

On 28 April 2009, PIRSA advised that rectification works had been carried out in accordance with the Plan it had approved in August 2008, except for the seeding of rehabilitated sites.

Seeding was completed on 30 April 2009 with seeds collected within a 10km radius of Mt Gee.

In August 2008, Marathon Resources published a major policy paper, entitled Learning from Waste in the Wilderness, which dealt with the issue arising at Mt Gee, the need to promote a new corporate culture, and the commitment the Company has made to strengthen its culture and practices. One of the commitments involved a complete review of our structure, objectives and operations. A key outcome of the review was the decision to develop a full Environmental Management System (EMS) that is compliant with ISO 14001 standards. The EMS implementation is well underway and will be completed in 2009-2010.

In June 2009, PIRSA approved the Company's Declaration of Environmental Factors [DEF] for low impact exploration consisting of an airborne radiometric and magnetic survey, helicopter-assisted ground gravity surveys and a stream sampling program on EL 3258. The gravity survey was a continuation of a program previously approved in October 2008.

No drilling has been undertaken on EL3258 during 2008-2009.

On 28 April 2009, the Minister for Mineral Resources stated in Parliament that until the State Government's proposed amendments to the Mining Act 1971 are implemented he would not consider any proposals from Marathon Resources for further ground disturbing activity on EL3258. It is anticipated these amendments will be presented to Parliament in the 2009 spring session.

INDIGENOUS RELATIONS

The Company recognises its legal, social, and economic obligations to develop and sustain relationships with Indigenous traditional land owners at all its tenements, and is aware that during any exploration and proposed mining operational phases, it must comply with State and Commonwealth legal requirements relating to Native Title matters.

A LOW LEVEL HELICOPTER SURVEY PROVIDED DETAILED RADIOMETRIC AND MAGNETIC DATA OVER THE NORTH-EASTERN PORTION OF THE MT GEE LEASE



In late October 2008, Marathon Resources co-sponsored the Yarnballa Aboriginal Cultural Festival held in Port Augusta over several days. The festival was attended by thousands of Indigenous and non-Indigenous people from a wide geographical area, including the traditional country of the Adnyamathanha people.

The Company also was proud to be invited by the Adnyamathanha Traditional Lands Association to witness the historic Federal Court Native Title Consent Determination hearing, held near Iga Warta and Nepabunna on 30th March 2009. Marathon Resources congratulates the Adnyamathanha people on gaining Native Title to their traditional lands after a long and protracted process.

Marathon Resources looks forward to working closely with Indigenous people in coming years in ways that will meaningfully and significantly contribute to the economic and social wellbeing of their communities.

RESEARCH

Marathon Resources recognizes that operating in remote and environmentally sensitive locations carries many opportunities, as well as challenges. During the year, the Company commenced discussions with two universities in relation to how it could contribute to, and benefit from, environmental, economic and social research related to exploration and mining.

WATER AND POWER STUDIES

Studies to identify sources of power and water for the Mt Gee project commenced in 2008. A review of options for a suitable power supply for a mine is being undertaken, including the use of conventional and renewable energy sources, including geothermal. Implementation of the

Federal Government's proposed Carbon Pollution Reduction Scheme will have an impact on the final choice of power supply for the project. Marathon Resources will integrate the impact of the Scheme into the power supply study once the appropriate legislation has been enacted.

Investigations into water supply options include identification of water sources for future activities at Mt Gee. A search for sustainable water supplies is currently underway.

COMMUNITY ENGAGEMENT

Marathon Resources engages its stakeholders in a variety of ways. For its Mt Gee uranium project, a formal community engagement mechanism was established in 2007. The Northern Flinders Community Consultative Committee (NFCCC) is independently chaired by the Honourable Neil Andrew, former Speaker of the Commonwealth House of Representatives.

In addition to the NFCCC, the Company actively sponsors a range of community activities and events, including being a major sponsor of the Yarnballa Aboriginal Cultural Festival in October 2008, the ever-growing Backyard Football League in South Australia and the Victorian Bushfire Appeal. Marathon Resources is also an ongoing supporting partner of the Royal Flying Doctor Service.

RIGHTS ISSUE

On 19 December 2008, Marathon Resources announced it had raised \$4.7 million (after underwriting fees) in a one-for-three rights issue at \$0.32 per share. The rights issue closed with existing shareholders taking up about 62% of the entitlement, representing approximately 15.2 million new shares.



Category*	Tonnes (Mt)	Grade U308 (ppm)	TonnesU308 Kt
Indicated	4	706	2.8
Inferred	47	607	28.5
Total	51	615	31.3

* at 300 ppm U308 cutoff

Information in this Annual Report relating to Exploration Results has been compiled by Mr Brenton Newell B.App. Sc., Grad Dip App. Geol (SAIT), a part-time employee of Marathon Resources Ltd and a Member of the Australian Institute of Geoscientists and Dr Phung Nguyen B.Sc (Hons), Uni. Adel. PhD (Uni.WA.), a part-time employee of Marathon and a Member of the AusIMM. The Mt Gee Mineral Resource Estimate was based on information compiled on behalf of Marathon by Tony Marshall B.Sc (Hons) Uni.Melb., a Member of the AusIMM. At time of reporting Tony Marshall was Principal Geologist with SMG Consulting and a full-time employee of that company.

Each respectively have sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which each is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Each respectively consents to the inclusion in this Report of the statements based on the information in the form and context appearing.

DIRECTORS' REPORT

The directors present their report on the company and its controlled entities for the year ended 30 June 2009.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Peter Williams

Denis Wood

(retired 27.8.2008)

Christopher Schacht

(appointed 24.01.2008)

Chen Zeng

(appointed 27.12.2006)

John G. Linley

(appointed 30.06.2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS



Peter Williams

BEC FCA
Chairman (non-executive)
Appointed 21st May 2004

Peter Williams is a chartered accountant with extensive professional and commercial experience. He has broad experience as managing director and chairman of public companies. He was a

partner of Deloitte for 17 years and managing director of the Lloyd Helicopter group then Enterprise Solutions Asia Pacific Limited. Since then he has acted as a non-executive director of venture capital company Playford Capital Pty Ltd. He is a member of the Company's Audit Committee.



Christopher Schacht

(non-executive)
Appointed 24th January 2008

Christopher Schacht is a qualified teacher who entered political service in the 1970's as a ministerial advisor to both SA state government then Federal government. Mr Schacht served in the Senate of the Federal Parliament for

15 years until 2002. During his time as a minister from 1993 to 1996, he held the portfolios at various times of Science, Small Business, Customs and Construction. Currently, a self-employed consultant, advisor and investor, Mr Schacht is the President of the Australian Volleyball Federation and in October 2006 he was elected to the Legal Commission of the FIVB (Federation Internationale de Volleyball) for a four year term. He is the chairman of the Company's Audit Committee.



John G (Shad) Linley

Doctorate of Philosophy (Adelaide),
BSc (Hons), F AusIMM (Chief Executive Officer)
Appointed 30th June 2008 (Non-Executive)
Appointed 10th June 2009 (Chief Executive Officer)

Dr Linley is a qualified geologist holding a PhD

from the University of Adelaide. Recently CEO of Sun Metals the world's most efficient and environmentally sensitive zinc refinery successfully built and operated under his stewardship on the edge of the Great Barrier Reef. Dr Linley's career has also included roles such as the Vice President of TexasGulf Australia, Director of the Centre for Strategic Industrial and Resource Development in Brisbane and positions with Fluor Engineers and Constructions where he was involved in the Olympic Dam project. Dr Linley is also a director of Kagara Ltd.



Chen Zeng

BA (Economics)
Masters Degree in International Finance Shanghai University of Finance and Economics (non-executive)
Appointed 27th December 2006

Mr Chen Zeng is Managing Director of CITIC Australia Pty Ltd., the Australian arm of China's giant state owned CITIC Group which has assets

of over \$100 billion. He is also an Executive Director of the Hong Kong listed CITIC Resources Holdings Ltd. Mr Zeng is also a director of Macarthur Coal Ltd. He is a member of the Company's Audit Committee.

Denis Wood

BSc (Geology)
(non-executive)
Appointed 29th November 2006
Retired 27th August 2008



COMPANY SECRETARY



Stuart Appleyard

LLB

Appointed 28th January 2004

Stuart Appleyard is a practising lawyer with extensive experience in corporate, commercial and property law. A consultant with Lynch Meyer, Lawyers, he has a particular focus on

complex commercial agreements, joint ventures, property advising and development, and due diligence associated with those areas. He has advised on mining, resource and native title issues in both South Australia and the Northern Territory. He is secretary of the Company's Audit Committee.

CORPORATE GOVERNANCE

The Board of Marathon Resources Limited is committed to achieving and demonstrating the highest standards of corporate governance and has adopted practices and policies in accordance with the ASX Corporate Governance Best Practice Recommendations. The Corporate Governance Statement forms a separate part of the Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the Year under review:

The Group made a resource upgrade announcement, on the 2nd September 2008

The Group benefited from a shareholder rights issue in December 2008.

The Company received confirmation that its Mt Gee rectification work was satisfactorily completed in connection with the matter detailed under environmental issues in this report.

AFTER BALANCE DATE EVENTS

On or about 11th August 2009 it was agreed in principle by the parties to the Warburton Joint Venture that the Company withdraw from the JV with effect 31 August 2009 and it thus be brought to an end.

As a consequence of this decision an amount of \$ 78,606 will be written off in the accounts of the year ended 30 June 2010 to fully expense the Company's residual asset value of this project.

Other than as disclosed above there is no matter or circumstance that has arisen since 30th June 2009 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years .

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration. There were no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS AND OPERATING RESULTS

The Company's Directors have set out a review of operations for the year in a separate report.

The consolidated operating loss of the Group for the financial year to 30 June 2009 after applicable income taxes was \$ 5,605,221 (2008 Loss of \$ 5,351,634).

DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared since the end of the previous financial year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group is a mineral explorer and, potentially, a miner of uranium, gold and other metals in future years. The outcomes of these operations cannot be predicted at this time. The Group may require further capital to sustain these activities.

DIRECTORS' REPORT

ENVIRONMENTAL ISSUES

The Group's operations are subject to environmental regulation.

In late 2007 complaints were made by the leaseholder of the Company's Mt Gee exploration tenement (EL 3258) to the Minerals and Energy division of PIRSA about alleged environmental breaches in the burial of refuse material on the Arkaroola tenement.

Pursuant to an investigation PIRSA advised the company on 12th February 2008 of findings which related to breaches of the conditions of the approved DEF (Declaration of Environmental Factors) for EL 3258.

As a consequence of the findings the following instruction among other things, was issued to the Company by PIRSA:

- PIRSA directed that all unauthorised buried material being mainly drill core assay samples and bulk cuttings and general waste at this site must be safely excavated and removed from EL 3258. The site must be rehabilitated back to as close as possible to original condition.

On the 30th May 2008 a rectification / rehabilitation plan was submitted to PIRSA in respect of the matter. Approval for the Company to execute the required work under PIRSA supervision was given on 11th August 2008.

On the 28th April 2009 PIRSA confirmed that the rectification work had been undertaken in accordance with the rectification plan.

No notification of any breach of any environmental regulation has been received in respect of any of the Company's other tenements.

No notification of any breach of any environmental regulation has been received from any relevant agency in Australia or New Zealand subsequent to the commencement of the rectification work on the breach above.

OPTIONS

At the date of this report, the unissued ordinary shares of Marathon Resources Limited under options are as follows:

Grant Date	Date of Expiry	Exercise Price		Number under Option
		At Grant	Post 2007 Rights	
31 December 2005	30 June 2010	\$0.20	\$ 0.0567	30,000
31 March 2006	30 June 2010	\$0.45	\$ 0.3067	30,000
16 November 2006	30 June 2011	\$1.18	\$ 1.0367	3,000,000
				3,060,000

Pursuant to a discounted share issue price arising under a rights issue in November 2007 unexercised options at that date become subject to an exercise price reduction.

During the year ended 30 June 2009, and to the date of this report the following ordinary shares of Marathon Resources Limited were issued on the exercise of options. No amounts are unpaid on any of the shares.

Exercise Date	Exercise Price	Number of Shares to be Issued
3rd July 2008	\$0.0567	50,000
6th November 2008	\$0.3067	15,000
16th June 2009	\$0.0567	789,600
17th June 2009	\$0.0567	197,500
22nd June 2009	\$0.0567	43,600
		1,095,700

None of the options entitles the holders to participate, by virtue of the options, in any dividend or share issue of any other corporation.

AUDITORS INDEPENDENCE

The auditor has not been engaged during the year for any non-audit services which may have impaired the auditor's independence. The auditor's independence declaration for the year ended 30 June 2009 has been received and is included in this report.

DIRECTORS' AND EXECUTIVES' REMUNERATION – AUDITED

The Information in this remuneration report has been audited as required by Sec 308 (3c) of the Corporations Act 2001.

The Board, where appropriate, seeks independent advice on generally accepted remuneration policies and practices for directors and packages are benchmarked against comparable industry levels.

The size of the organisation is such that decisions that affect the whole or a substantial part of the business and the Group's financial standing are made by or in conjunction with Directors.

The Group has determined by resolution at the Annual General Meeting on 28th November 2008 that fees for Non-Executive Directors be set in aggregate at \$ 500,000 in the year ended 30 June 2009 accruing on a weekly basis; being an increase of \$ 200,000 on the previous year.

There are no elements of Directors remuneration that are performance related.

There are no contractual termination or retirement benefits for Non-Executive Directors.

At the date of this report the board is comprised of 3 non-executive directors and a Chief Executive Officer.

Directors' and Executives' Remuneration

		Directors Fees	Salary and wages	Cash Bonus	Superannuation contributions	Ex gratia payments	Other (1)	Share-based Payments Options (2)	Total
Directors									
P.L. Williams	2009	55,000	-	-	4,950	-	-	-	59,950
	2008	50,000	-	-	4,500	-	-	-	54,500
J. Santich	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	236,733	-	236,733
W. Bogacz	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	264,333	-	264,333
D Wood	2009	5,000	-	-	450	-	-	-	5,450
	2008	30,000	-	-	2,700	-	-	-	32,700
C Zeng	2009	35,000	-	-	1,800	-	-	-	36,800
	2008	30,000	-	-	-	-	-	-	30,000
C. Schacht	2009	35,000	-	-	3,150	-	-	-	38,150
	2008	12,500	-	-	1,125	-	-	-	13,625
J Linley	2009	35,000	5,555	-	3,150	-	-	-	43,705
	2008	-	-	-	-	-	-	-	-
Executives									
S. Appleyard	2009	-	45,000	-	20,400	-	-	-	65,400
	2008	-	80,000	-	5,400	15,000	-	-	100,400
I. McRae	2009	-	187,502	25,000	93,317	-	-	-	305,819
	2008	-	20,852	20,833	102,965	-	-	-	144,650
S. Hall	2009	-	-	-	-	-	-	-	-
	2008	-	80,306	-	26,325	-	-	1,234,000	1,340,631
Total	2009	165,000	238,057	25,000	127,217	-	-	-	555,274
	2008	122,500	181,158	20,833	143,015	15,000	501,066	1,234,000	2,217,572

(1) Executive Directors, Dr J.R. Santich and Dr W. Bogacz, elected on the 1 April 2006 to convert to a consultancy based emolument arrangement from salaried benefits in accordance with the relevant terms and conditions of their employment contracts. The 2008 amounts include \$ 90,133 each for early contract termination. Both Directors retired on 30th June 2008.

(2) S Hall was initially employed on a fixed 2 year contract on 15th April 2007 which was terminated by the Company effective 31st October 2007. Options granted to Mr Hall on 2nd August 2007 expired in the current year.

DIRECTORS' REPORT

Options issued as part of remuneration for the year ended 30 June 2009

Options are issued to executive directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the relevant directors and executives of Marathon Resources Limited and its subsidiary to increase goal congruence between executives, directors and shareholders.

Options Granted as Remuneration

Director / Executive	Granted No	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
John G (Shad) Linley	1,000,000	2 September 2009	0.458	0.80	3 September 2009	2 September 2012

Grant of options pursuant to shareholder approval at an EGM on 2nd September 2009. Value of options to be expensed in the accounts of the year ended 30th June 2010.

All options are granted for nil consideration.

Contracts of Service

Mr Ian McRae was appointed general manager on 19th February 2008 and is employed on a three year contract. Mr McRae's primary responsibility is the supervision of the Mt Gee project. In this respect an element of his remuneration is performance related. A bonus is earned on achievement of periodic KPI's set by the board. At balance date performance hurdles had been reached and bonuses paid. The Performance Related Bonus was a short term incentive. There are no long term incentives in place. Pursuant to the appointment of a CEO on 10 June 2009, Mr McRae's designation changed to Mt Gee Project Manager on that date.

MEETINGS OF DIRECTORS

During the financial year, the number of Board meetings held at which a director was eligible to attend and the number actually attended by each director were:

	Appointed	Meeting Held	Meetings Attended	Retired
Peter Williams	21 May 2004	12	12	
Denis Wood	29 November 2006	2	0	27 August 2008
Chen Zeng	27 December 2006	12	9	
Christopher Schacht	24 January 2008	12	12	
John Linley	30 June 2008	12	12	

Committee Meetings	Meetings Held	Meeting Attended
Audit Committee		
Peter Williams	3	3
Chen Zeng	3	3
Christopher Schacht (Chairman)	3	3

INDEMNITIES INSURANCE

Directors and officers insurance had been renewed at year end and insurance premiums have been paid during the year amounting to \$ 18,136.

PROCEEDINGS

The Company is party to legal proceedings brought against it in the 2008 year by an ex employee for alleged breach of contract. Directors are defending the legal action but had nevertheless made a provision in the accounts for the year ended 30th June 2008. At the date of this report the matter is unresolved and a contingent liability may arise for an amount in addition to the provision. Directors are not aware of any other proceeding initiated during the year or contemplated against or on behalf of the company.

Signed in accordance with a resolution of the Board

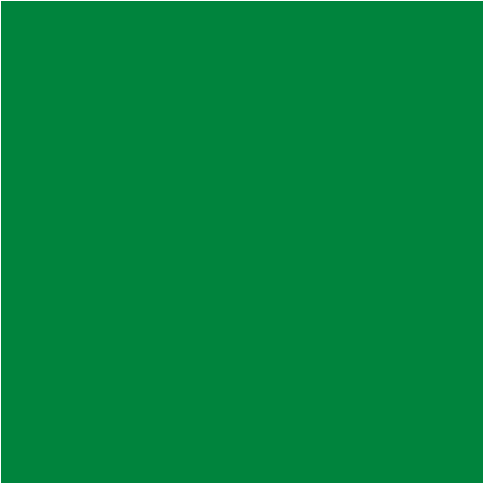


Christopher Schacht
DIRECTOR



Peter L Williams
DIRECTOR

Dated at Adelaide, South Australia this 17th day of September 2009



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) of Marathon Resources Limited (the Company) is committed to achieving and demonstrating the highest standard of Corporate Governance.

The Board guides the affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board has responsibility for the overall Corporate Governance of the Company including its strategic direction, establishment of goals for its management and monitoring the achievement of these goals.

The individual Directors recognise that their primary responsibility is to the owners of the Company, its shareholders, while simultaneously having regard for the interests of all stakeholders of the company and the broader community.

This statement outlines the Company's Corporate Governance Practices in place during the financial year. The Company's statement is made based on the ASX Corporate Governance Councils revised Corporate Governance Principles and recommendations (the revised principles) released on 2 August 2007. The Company had decided on early adoption of the revised principles in the 2008 Annual Report.

Although the ASX Corporate Governance Council's Best Practice Recommendations are not mandatory, under listing rule 4.10.3 companies are required to provide a statement in their annual report disclosing the extent to which they have followed the recommendations in the reporting period, identifying any principles which have not been followed with reasons for not having done so.

The revised principles and the Company's compliance with each principle is as follows:

1. Lay solid foundations for management and oversight

The role of the Board is covered by the Corporations Act 2001, ASX listing rules and the constitution of the Company. Its primary role is the creation of long term shareholder wealth and its protection. In achieving these ends the Board oversees the development of strategies, the setting of objectives, the establishment of policies to be implemented by management and assumes responsibility for ensuring adequate systems of internal control, risk management and financial reporting. The Board also ensures the provision of resources to senior management to achieve the Company's objectives and undertakes subsequent monitoring of their performance.

The Board Charter is set out on the Company's website www.marathonresources.com.au

Pursuant to their appointment letter Non-Executive Directors have no involvement in the day to day management of the Company. The board has appointed a General Manager, who is not a Director, responsible for the operational and administrative performance of the Company and the provision of relevant information and input to the Board to enable it to discharge its responsibilities. The General Manger's role changed to Project Manager Mt Gee, on appointment of Dr Linley as CEO 10 June 2009.

Senior management are subject to an Annual Performance Evaluation which is undertaken by the Board. The reviews are internal. The use of external facilitators is not warranted as the members of the Board have direct access to Management. The Chairman presides over the review process with input from other Directors. For some job functions a basis of evaluation of performance is measuring an individual's output against Board agreed KPI's. With the exception of Management the last review of senior staff performance was on July 2009.

2. Structure of the Board to add value

The majority of the Board of Marathon Resources Limited consists of non executive Directors. Those Directors holding shares in the Company either directly or indirectly, are not considered to be substantial shareholders. No non executive Director of the Company has a material contractual relationship with the Company, other than as a Director. No Director is or has been employed in an executive capacity or acts or has acted as a material professional advisor, other than Dr Linley who was appointed to the role of CEO 10 June 2009.

Corporate Governance best practice recommends the majority of the board comprise independent directors, with "independence" in ASX Recommendation 2.1 taken into account for this purpose. Mr Zeng is Managing Director of Citic Australia Pty Ltd a substantial shareholder of Marathon and may be perceived as a non independent Director. Messrs Williams and Schacht are considered independent Directors. Despite this departure from the revised recommendations, the Board considers it presently has an appropriate balance of skills, experience and independence to properly fulfil its role. The role of the Chair is undertaken by a separate dedicated Director.

The Board is cognisant of the need to focus on its renewal from time to time to ensure an appropriate balance of skills and experience relevant to the nature and extent of company operations and its future direction at any given point of time.

The Board does not have a separate nomination committee to oversee the procedure for the selection and appointment of new Directors.

The scope and size of the Company dictates a small independent Board. When a need arises and where it is considered the Board would benefit from the appointment of a Director with specific skills and experience all members of the Board participate in seeking out appropriate potential candidates. In some instances assistance from external sources if necessary may be sought.

The Board has in the past and may regularly change members and therefore does not undertake a formal performance evaluation of either each of the Directors or the Board as a whole.

The statutory Directors report sets out Relevant experience and expertise on each Director, their period in office and status.

More detailed particulars of each Director are set out in the company's web site at www.marathonresources.com.au

ACCESS TO INFORMATION

Any Director has the right to seek independent professional advice in connection with their duties and responsibilities at the Company's expense.

Each Director has access to the Company Secretary. The Secretary is accountable to the Board through the Chair on all governance matters. The appointment or removal of the Secretary is a matter of decision for the Board.

3. Promote Ethical and responsible decision-making

The Directors are aware of and subscribe to the Code of Conduct of the Australian Institute of Company Directors.

Additionally the Company has a Code of Conduct built on highest standards of ethical behaviour. Directors and employees are expected to act with the utmost personal integrity, as required by the Company's Code of Conduct.

The Company's Code of Conduct is set out on the Company's website www.marathonresources.com.au

To meet these obligations Directors and Senior Management seek to:

- Comply with all legal obligations in a timely manner and promote active compliance within the Company.
- Adopt practices necessary to meet the reasonable expectations of all of the Company's stakeholders and the wider community.

Specifically Directors and senior management must:

- Use the Company's assets appropriately and efficiently for the Company's benefit.
- Ensure the securities market is fully informed of all matters requiring disclosure.
- Not misuse information or their position for their own personal gain.
- Avoid or fully disclose conflict of interest events or situations.

Further, conflicts of interest that arise must be disclosed to the Board immediately and addressed by elimination of the conflict, abstaining from participation in decision making, or if in insoluble circumstances by resignation.

TRADING IN COMPANY SECURITIES

The Board policy is strict compliance with the requirements of section 1043A of the Corporations Act 2001 which prohibits individual Directors and senior management from trading in the Company's securities whilst in possession of inside information.

The Company has no established trading windows and does not otherwise preclude Directors and management trading in the Company's securities where the Board is formally notified via the Board Chair and permission sought.

Any acquisition or disposal of securities by Directors is reported to the ASX in compliance with the Corporations Act and ASX listing rules.

The Company's Share Trading Policy is set out on the Company's website www.marathonresources.com.au

4. Safeguard integrity in financial reporting

Directors have established an Audit and Risk committee comprising three members from a Board of four, the majority of whom as previously stated are non executive. The committee is chaired by an independent Director who is not the Chair of the Board.

The Statutory Directors Report details the number of meetings held and attendees.

The Audit and Risk committee charter is set out on the Company's website www.marathonresources.com.au

The committee's principle responsibilities are:

- liaise with external auditors on matters arising from conduct of external audits,
- ensure compliance with ASX listing rules,
- review management reporting and financial controls,
- overview company policy and procedure development,
- assess and manage the Company's risk profile.

5. Make timely and balanced disclosure

The Board's policy is to ensure strict compliance with the continuous disclosure regime to ensure that its obligations to disclose relevant information under the requirements of The Australian Securities Exchange, Australian Securities & Investment Commission are met.

Board processes are structured to ensure all information particularly any that may be considered price sensitive is released in a timely manner, is factual and does not omit material information.

Company announcements to the ASX are simultaneously posted on the Company's website.

The Company uses external geological services in developing the material for ASX JORC code reporting to ensure balance in reporting of resources.

An external Public Relations Consultant is used to disseminate information released to the market to ensure the widest possible circulation of material to external parties including Stockbrokers, Analysts, the media and most importantly the Company's shareholders.

6. Respect the rights of shareholders

The Board seeks to ensure that shareholders are informed of all major developments affecting the Company's state of affairs.

In addition to communication through its statutory reporting obligations via:

- The Annual Report
- The Interim Report
- ASX disclosures
- Explanatory memorandum for AGM resolutions.

The Company uses its website and external public relations services to disseminate information as widely as possible.

A Communications Manager is employed by the company to among other things, promote the interests of shareholders.

CORPORATE GOVERNANCE STATEMENT

The Company periodically issues a newsletter and uses audio/visual presentations in some media releases.

The statutory annual report is available to shareholders electronically.

The Company requires the attendance of a representative of its external auditors at its annual general meeting and encourages shareholders to attend and raise questions with the auditors representative or Directors.

7. Recognise and manage risk

The Board assumes responsibility for establishing the Company's risk profile focus and for ensuring management has developed and adequately reports against sound systems of risk control.

The size and nature of the Company's operations is such that risk is focused on a smaller than normal range of potential adverse events while not impacting potential opportunities.

The Company's Risk management policy is set out on the Company's website www.marathonresources.com.au

Key areas of risk which are regularly monitored are:

OPERATIONAL RISK

- acquisition of new exploration tenements and their subsequent status,
- land access and native title considerations,
- physical exploration activities

These matters are regularly reported on to the Board in Managements' Operation Reports.

INDIGENOUS PEOPLE

The Company acknowledges and accepts the bond and special interests that the indigenous people have over areas where the company carries out operations.

The Company proactively seeks to foster a respectful, cooperative and trusting relationship through honest and open communication with them and their advisors.

The Company recognises the legal, social, and economic obligations to develop and sustain relationships with Indigenous Traditional Owners at all sites. It recognises that during exploration and mining operational phases, it must comply with State and Commonwealth legal requirements relating to Native Title matters.

HSE&C

The Company operates under a health, safety and environment system developed by management. Pursuant to a Board review of the adequacy and effectiveness of the system an upgrading has been mandated for completion in the 08/09 year.

The system upgrade was completed during the June quarter of the 2008/2009 financial year. A schematic overview is being finalised and will be posted on the Company's website in due course.

The primary focus in this area is environmental management and compliance.

ENVIRONMENT

The Company has always recognised the importance of sound environmental practice and promoted environmental awareness by all of its employees and contractors.

Major exploration operations by the Company are conducted in an area of the Flinders Ranges which is environmentally sensitive.

This has necessitated a commitment to continuous improvement of practices. The Board following independent appraisal has initiated the development of a full EMS system ultimately leading to ISO 14001 standard.

Prior to the end of the current year consultants were appointed to assist the Company in developing its EMS system. It is anticipated the system will be finalised in the first half of 2009/2010 financial year.

FINANCIAL REPORTING

Management operate with Board defined limits of authority and a requirement to present monthly financial reports at a detailed level to Directors. These requirements assist in managing the risk of failure to achieve business objectives and protecting the Company's assets.

In accordance with the requirements of Sec 295A of the Corporations Act 2001 the Board confirm that it has received assurance from the General Manager/CEO and Chief Financial Officer that:

- Financial statements are in compliance with accounting standards as required by Sec 296 of the Corporations Act.
- Financial statements give a true and fair view of financial performance and position at balance date required by Sec 297 of the Corporations Act.
- Records have been properly maintained and that risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

Confirmation that the Board has received the assurance is set out in the Statutory Annual Directors Declaration.

8. Remunerate fairly and responsibly

The performance in establishing the remuneration of Executive Management and Executive Directors, when such office is held, is reviewed by the Board with the exclusion of the Executive concerned.

The remuneration of Non Executive Directors is set by reference to an aggregate cap approved by shareholders from time to time at the annual general meeting.

External advice is sought on remuneration matters when deemed necessary.

The company does not have a remuneration committee, as this role is undertaken by the Board.

The details of remuneration of Directors and Senior Management are set out in the Statutory Director's Report. The contribution of each Non Executive Director is taken into account in arriving at individual remuneration levels having regard for reasonable and competitive market rates.

In accordance with listing rule 4.10.3 the company summarises its departures from the ASX's principles of good corporate governance best practice recommendations.


	Best Practice Recommendations	Notification of Departure	Explanation
2.1	Majority of Directors should be independent	Two of the four Directors are independent	The Board considers it presently has an appropriate balance of skills, experience and independence to properly fulfil its role
2.4	The Board should establish a nomination committee	The Company does not have a nomination committee	The Board is of the opinion that it is not of a sufficient size to warrant a nomination committee at this time
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors	The Company does not have a formal documented process	Changing composition of the Board is indicative of an ongoing process of evaluation
8.1	The Board should establish a remuneration committee	The Company does not have a remuneration committee	The Board is of the opinion that it is not a sufficient size to warrant a remuneration committee at this time. This role is undertaken by the Board.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes set out on pages 22 to 45, are in accordance with the Corporations Act 2001 and:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group.
2. The General Manager/CEO and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Australian Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Christopher Schacht
DIRECTOR



Peter L Williams
DIRECTOR

Dated at Adelaide, South Australia this 17th day of September 2009

AUDITORS INDEPENDENCE DECLARATION



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF MARATHON RESOURCES LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as auditor for the audit of Marathon Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

A handwritten signature in black ink, appearing to read "P S Paterson".

P S Paterson
Partner

Signed at Wayville on this 17th day of September 2009

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARATHON RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report Marathon Resources Limited, (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

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INDEPENDENT AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARATHON RESOURCES LIMITED Cont

Auditor's responsibility Cont

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Marathon Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Marathon Resources Limited's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant uncertainty regarding:

Continuation as a going concern

Without qualification to the audit opinion expressed above, attention is drawn to Note 26 – Economic Dependency. The company's and consolidated entity's ability to continue as a going concern is contingent upon successfully raising additional capital, which indicate the existence of a material uncertainty which may cast significant doubt about the appropriateness of the going concern basis of accounting.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MARATHON RESOURCES LIMITED Cont**

Continuation as a going concern Cont

If additional funds are not raised, the going concern basis may not be appropriate, with the result that the company and consolidated entity may have to realise their assets and extinguish their liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances had been made in the financial report.

Access to Mt Gee (EL 3258)

Without qualification to the audit opinion expressed above, attention is drawn to Note 1(p) – Critical Accounting Estimates and Judgements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the carrying value of capitalised exploration expenditure associated with Mt Gee (EL 3258). The financial report has been prepared on the basis that there is no impairment of the \$14,445,938 capitalised as exploration expenditure. That impairment decision is based on the critical assumption that the Mt Gee licence (EL 3258) will be renewed when it expires in October 2009 and the company will be permitted to resume comprehensive exploration activities on the Mt Gee lease.

The outcome of the Mt Gee licence and continuing exploration activities matter may impact the company's ability to raise further capital.

Remuneration Report

We have audited the Remuneration Report included in pages 4 and 5 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Marathon Resources Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

A handwritten signature in black ink, appearing to read "P S Paterson".

P S Paterson
Partner

Signed at Wayville on this 17th day of September 2009

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue	2	546,888	637,449	546,888	637,449
Depreciation	5	(162,783)	(116,932)	(162,783)	(116,932)
Exploration expenditure written off					
- Current period expenditure		(538,105)	(5,267)	(32,228)	(5,267)
- Prior period expenditure		(571,898)	(916,831)	(571,898)	(916,831)
- Impairment	9,15	(1,447,240)	-	(1,677,240)	-
Financial assets fair value adjustment	6	(471,500)	218,500	(471,500)	218,500
Employee benefits expense		(1,461,857)	(2,148,307)	(1,461,857)	(2,148,307)
Share based payment expense		-	(1,234,000)	-	(1,234,000)
Occupancy expense		(159,519)	(127,514)	(159,519)	(127,514)
Consulting expense		(413,612)	(783,836)	(413,612)	(783,836)
Travel expense		(135,701)	(135,639)	(135,701)	(135,639)
ASX listing and registry expense		(98,851)	(92,004)	(98,851)	(92,004)
Corporate administration	2	(611,656)	(647,506)	(611,656)	(647,509)
Takeover defence costs					
- over accrued prior year	2	-	61,380	-	61,380
Finance costs		-	(16,486)	-	(16,486)
Loss before income tax		(5,525,834)	(5,306,996)	(5,249,951)	(5,306,996)
Income tax expense	3	(79,387)	(44,638)	(79,387)	(44,638)
Loss for the year		(5,605,221)	(5,351,634)	(5,329,344)	(5,351,634)
Loss attributed to the members of Marathon Resources Limited		(5,605,221)	(5,351,634)	(5,329,344)	(5,351,634)
Earnings per share					
Basic (cents per share)	25	(8.10)	(9.2)		
Diluted (cents per share)		(8.10)	(9.2)		

The accompanying notes form part of these financial statements.



BALANCE SHEET AS AT 30 JUNE 2009

	Notes	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
CURRENT ASSETS					
Cash and Cash Equivalents	19(a)	3,839,113	5,448,765	3,612,113	5,378,765
Trade and Other Receivables	4	401,461	290,542	386,241	251,587
Financial Assets	6	564,025	563,500	564,025	563,500
Total Current Assets		4,804,599	6,302,807	4,562,379	6,193,852
NON-CURRENT ASSETS					
Property, Plant & Equipment	5	460,358	600,886	460,358	600,886
Financial Assets	6	-	468,717	-	468,717
Exploration & Evaluation Expenditure	7	15,672,445	15,234,817	657,050	1,825,856
Related Party Receivable	8	-	-	15,622,513	13,376,937
Investment in Controlled Entity	9	-	-	-	230,000
Total Non-Current Assets		16,132,803	16,308,420	16,739,921	16,502,396
TOTAL ASSETS		20,937,402	22,607,227	21,302,300	22,696,248
CURRENT LIABILITIES					
Trade and Other payables	10	282,779	1,033,967	282,779	1,033,967
Short Term Provisions	11	872,888	822,548	872,888	822,548
Total Current Liabilities		1,155,667	1,856,515	1,155,667	1,856,515
NET ASSETS		19,781,735	20,750,712	20,146,633	20,839,733
EQUITY					
Issued Capital	12	36,542,424	31,807,520	36,542,424	31,807,520
Reserves	13	862,443	2,199,323	862,443	2,199,323
Retained Losses		(17,623,132)	(13,256,131)	(17,258,234)	(13,167,110)
TOTAL EQUITY		19,781,735	20,750,712	20,146,633	20,839,733

The accompanying notes form part of these financial statements.



GEOPHYSICAL ANOMALIES IDENTIFIED BY RADIOMETRIC, MAGNETIC AND GRAVITY DATA ARE BEING MAPPED IN DETAIL BY GEOLOGISTS

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

NOTES	SHARE CAPITAL \$	RETAINED EARNINGS \$	SHARE OPTION RESERVE \$	FINANCIAL ASSET REVALUATION RESERVE \$	TOTAL \$
Consolidated					
BALANCE 01/07/2007	15,828,305	(7,937,181)	1,631,130	195,391	9,717,645
Share Issues (net of transaction costs)	15,979,215	-	-	-	15,979,215
Option Issues / exercised	-	32,684	1,201,316	-	1,234,000
Financial asset revaluation	-	-	-	(828,514)	(828,514)
Loss attributable to members of parent company	-	(5,351,634)	-	-	(5,351,634)
BALANCE AT 30/06/2008	31,807,500	(13,256,131)	2,832,446	(633,123)	20,750,712
Share Issues (net of transaction costs)	4,734,904	-	-	-	4,734,904
Option Issues / exercised / expired	-	1,238,220	(1,238,220)	-	-
Financial Asset Revaluation	-	-	-	(98,660)	-
Loss attributable to members of parent company	-	(5,605,221)	-	-	(5,703,881)
BALANCE AT 30/06/2009	36,542,424	(17,623,132)	1,594,226	(731,783)	19,781,735
Parent					
BALANCE AT 01/07/2007	15,828,305	(7,848,160)	1,631,130	195,391	9,806,666
Share Issues (net of transaction costs)	15,979,215	-	-	-	15,979,215
Option Issues / exercised	-	32,684	1,201,316	-	1,234,000
Financial asset revaluation	-	-	-	(828,514)	(828,514)
Loss attributable to members of parent company	-	(5,351,634)	-	-	(5,351,634)
BALANCE AT 30/06/2008	31,807,520	(13,167,110)	2,832,446	(633,123)	20,839,733
Share Issues (net of transaction costs)	4,734,904	-	-	-	4,734,904
Option Issues / exercised / expired	-	1,238,220	(1,238,220)	-	-
Financial Asset Revaluation	-	-	-	(98,660)	-
Loss attributable to members of parent company	-	(5,329,344)	-	-	(5,329,344)
BALANCE AT 30/06/2009	36,542,424,	(17,258,234)	1,594,226	(731,783)	20,146,633

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Cash flows from operating activities					
Interest and sundry income received		242,737	409,621	242,737	409,621
Payments to suppliers and employees		(3,882,591)	(4,486,631)	(3,400,449)	(4,588,313)
Finance costs		-	(16,486)	-	(16,486)
Net cash provided by (used in) operating activities	19b	(3,639,854)	(4,093,496)	(3,157,712)	(4,195,178)
Cash flows from investing activities					
Proceeds on disposal plant equipment		37,090	992	37,090	992
Purchase of plant and equipment		(86,485)	(455,490)	(86,485)	(455,490)
Payment for financial assets		(101,968)	-	(101,968)	-
Payment for exploration activities		(2,473,952)	(8,078,790)	(867,518)	(1,490,797)
Amount advanced to controlled entity		-	-	(2,245,576)	(6,486,311)
Amount repaid to shareholder companies		-	(750,000)	-	(750,000)
Net cash provided by (used in) investing activities		(2,625,315)	(9,283,288)	(3,264,457)	(9,181,606)
Cash flows from financing activities					
Proceeds from issue of shares		4,920,141	16,083,371	4,920,141	16,083,371
Payment of expenses of the issue of shares		(264,624)	(148,794)	(264,624)	(148,794)
Amount advanced by shareholder companies		-	750,000	-	750,000
Net cash provided by (used in) financing activities		4,655,517	16,684,577	4,655,517	16,684,577
Net (decrease)/increase in cash held		(1,609,652)	3,307,793	(1,766,652)	3,307,793
Cash at 30 June 2008		5,448,765	2,140,972	5,378,765	2,070,972
Cash at 30 June 2009	19a	3,839,113	5,448,765	3,612,113	5,378,765

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of Marathon Resources Limited and controlled entities, and Marathon Resources Limited as an individual parent entity. Marathon Resources Limited is a listed public company, incorporated and domiciled in Australia.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Marathon Resources Limited comply with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

a) Principles of Consolidation

A controlled entity is any entity of which Marathon Resources Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

The controlled entities are disclosed in Note 9 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those policies applied by the parent entity.

b) Income Tax

Current tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and

their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the condition of deductibility imposed by the law.

Tax consolidation

Marathon Resources Limited and its wholly-owned Australian subsidiary are part of a tax-consolidated group under Australian taxation law. Each entity in the group recognises its own current and deferred liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the consolidated group.

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income

statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is calculated on a straight-line basis over the useful life of those assets to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-33%
Office equipment	10-20%
Motor vehicles	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are expended over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs may ultimately include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with generally accepted clauses of the mining permit. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any change in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs will be

determined on the basis that the restoration will be completed within one year of abandoning the site.

e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interest are shown at Note 15.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interest in joint venture entities are brought to account using the cost method.

h) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet where applicable.

k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

m) Comparative Figures

Unless otherwise required by an accounting standard comparative information is disclosed in respect of the previous corresponding period, including for narrative and descriptive information. To the extent that items are amended or reclassified comparative amounts are also amended or reclassified. Prior period errors are retrospectively corrected in the next financial report following discovery.

n) Share Based Payments

The company issues shares and options from time to time for no consideration. Equity-settled share based payments are measured at fair value at the date of grant. Fair value is determined by the use of a Black-Scholes pricing model. The fair value is fully expensed on a straight line basis by the date of vesting.

o) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Exploration and evaluation

The group's policy for exploration and evaluation is discussed in note 1(d). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the income statements.

Critical judgement – no impairment of Mt Gee exploration and development asset of \$ 14,445,938

On the 10th June 2008 and 2nd September 2008 resource upgrade announcements highlighted significant improvement in the understanding of the mineralisation, increased tonnage with improved grade and potential for further mineralisation. Since that time the Company successfully completed rectification work associated with environmental breaches over the burial of drill cuttings at Mt Gee and obtained PIRSA confirmation in this respect on 28th January 2009. In the intervening period the Company has obtained PIRSA approval for and successfully completed magnetic and radiometric heli surveys in conjunction with further stream sediment sampling and ground gravity.

Technical evaluation of this new data over the entire tenement has not been integrated with existing historical data at the date of this report but is expected to highlight highly prospective potential drill targets on the meeting of the reasonable requirement of PIRSA to enable a return to drilling at Mt Gee. Having regard for achieving these expectations Directors are of the opinion that there is no impairment of the Mt Gee exploration and development asset of \$ 14,445,938.

Underlying this impairment judgement is the assumption that the Mt Gee licence (EL3258) will be renewed when it expires in October 2009 and the company will be permitted to return to normal exploration activities.

Critical estimate – Provision of \$ 800,000 on a legal action with claim of \$ 1,600,000

Proceedings have been brought against the Company by an ex employee for alleged breach of contract. The Company denies the claim and is defending the proceedings. The nature of the action is based on an all or nothing claim with a maximum exposure to the Company of \$1.6 million. Marathon has separately advanced a cross claim of approximately \$0.847 million. Based on legal advice the Directors believe that it is more likely than not to successfully defend the claim in its entirety. In view of the fact that the matter is complex and not without attendant risk of an adverse outcome Directors are of the view that a 2008 provision of 50% of the maximum exposure is still reasonable.

There have been no developments that would cause earlier assessment to be revised.

New Accounting Standards and Interpretations

The following Australian Accounting Standards have been issued or amended that are applicable to the parent and consolidated group but are not yet effective. The parent and the consolidated group's assessment of the impact of these new standard and interpretations is set out below:

- (i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB5, AASB6, AASB 102, AASB 107, AASB 119, AASB 127, AASB134, AASB 136, AASB 1023, AASB 1038]

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January

2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The company has not yet adopted AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

- (ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. No material impact on the financial report of the company is expected.

- (iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007 8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The company intends to apply the revised standard from 1 July 2009.

- (iv) AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations

AASB 2008-1 was issued in February 2008 and will become applicable for annual reporting periods beginning on or after 1 January 2009. The revised standard clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The company will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the company's share-based payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 – REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

Notes	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
a. Revenue				
Disposal of interest in tenement	-	227,828	-	227,828
R & D Tax Concession	302,898	-	302,898	-
Interest	233,766	395,433	233,766	395,433
Diesel fuel rebate	4,933	11,243	4,933	11,243
Sundry Income	5,291	2,945	5,291	2,945
	546,888	637,449	546,888	637,449
b. Expenses				
Corporate administration include:				
Administration accounting and auditing	22	63,770	63,770	30,475
Computer costs		35,609	35,609	54,866
Insurance		40,137	40,137	37,168
Communication costs		35,027	35,027	43,504
Printing, office supplies		37,806	37,806	39,810
Public relations		117,498	117,494	141,403
Legal fees		89,290	89,290	102,188
Other expenses		192,519	192,519	198,095
		611,656	611,656	647,509
c. Significant revenue and expenses				
The following significant revenue and expense items are relevant in explaining items of financial performance. (Excess) accrual reversed in prior year				
		-	(61,380)	-
d. Employee benefits expense				
Included in employee benefits expense is a provision in respect of legal action by an ex employee for breach of contract.				
		-	800,000	-



NOTE 3 – INCOME TAX

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
The components of tax expense comprise:				
Write off of deferred tax asset recognised on capital raising cost	79,387	44,638	79,387	44,638
The prima facie income tax expense from ordinary activities before tax is reconciled to the income tax as follows:				
Loss from continuing operations	(5,525,834)	(5,306,996)	(5,019,957)	(5,306,996)
Prima facie tax benefit on profit from ordinary activities before income tax at 30% (2007:30%)	(1,657,750)	(1,592,099)	(1,505,987)	(1,592,099)
Non-assessable items	(93,535)	-	(93,353)	-
Non-deductible expenses	12,373	375,957	12,373	375,957
Non recognised temporary differences	-	(3,935)	-	(3,935)
Movement in recognised tax assets and liabilities	(75,476)	(2,344,394)	405,822	(367,960)
Current year tax loss not brought to account	1,894,225	3,609,109	1,260,532	1,632,675
Income tax attributable to entity	79,387	44,638	79,387	44,638

Unrecognised deferred tax assets:

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Tax value of carried forward tax losses				
- Capital	85,563	85,563	9,680	9,680
- Revenue	3,589,262	3,326,934	-	3,250,736
Temporary differences	-	-	202,287	70,283
Temporary differences not recognised	219,535	-	219,535	-
	3,894,360	3,412,497	431,502	3,330,699

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from them.

NOTE 4 – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
GST recoverable	46,756	180,003	31,536	141,048
Other debtors	338,515	360	338,515	360
Prepayments	16,190	110,179	16,190	110,179
	401,461	290,542	386,241	251,587

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Plant and equipment	777097	803151	777097	803151
Less Accumulated Depreciation	(316739)	(202265)	(316739)	(202265)
Total Plant and Equipment	460358	600886	460358	600886
Movement in carrying amounts				
Balance at beginning of financial year	600886	268,783	600886	268,783
Additions	86485	455490	86485	455490
Disposals	(64230)	(6455)	(64230)	(6455)
Depreciation	(162783)	(116932)	(162783)	(116932)
Balance at end of financial year	460358	600886	460358	600886

NOTE 6 – FINANCIAL ASSETS

	Notes	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Current					
Financial assets at fair value through profit / loss	6a	92,000	563,500	92,000	563,500
Available-for-sale financial assets		472,025	-	472,025	-
		564,025	563,500	564,025	563,500
Non-Current					
Available-for-sale financial assets	6b	-	468,717	-	468,717
Total Financial Assets		564,025	1,032,217	564,025	1,032,217

Listed investments, at fair value:

- Shares in Strzelecki Metals Ltd (formally Primary Resources Ltd)	92,000	563,500	92,000	563,500
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Pursuant to a joint venture agreement with Primary Resources Limited, the company purchased 2,300,000 ordinary shares at an issue price of 20 cents each fully paid as follows:

Issue Date	No	\$
2 May 2007	1,150,000	230,000
28 June 2007	1,150,000	230,000
		460,000

The market value of these shares at balance date was \$0.04 (\$0.245 2008). The reduction in the fair value to balance date of \$471,500 (Gain \$218,500 in 2008) has been recorded through the profit and loss in the financial assets fair value adjustment.

- Shares in UraniumSA Ltd	419,525	405,342	419,525	405,342
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Pursuant to a joint venture agreement with UraniumSA Limited, the company was allotted 4,370,061 ordinary shares at an issue price of 20 cents each fully paid on the listing of UraniumSA Limited 18 October 2006.

These shares were subject to Australian Stock Exchange escrow conditions for 2 years from listing. The shares are now free of escrow and therefore readily tradeable.

Pursuant to a rights issue the Company acquired a further 1,456,687 shares at a price of \$0.07 per share fully paid (amounting to \$101,968) on 15th June 2009

The market value of all shares at balance date was \$0.072 (\$0.10 2008 subject to escrow reduction adjustment). The reduction in fair value to balance date of \$87,785 (reduction \$341,532 2008) has been recognised in the financial asset revaluation reserve.

- Shares in Phoenix Copper Ltd	52,500	63,375	52,500	63,375
- Options in Phoenix Copper Ltd	-	-	-	-

Pursuant to the disposal of a tenement interest to Phoenix Copper Ltd the Company was allotted 750,000 ordinary shares at an issue price of 20 cents each fully paid on the listing of Phoenix Copper Ltd on 30th January 2008 and in addition 750,000 options having an exercise price of 25 cents were granted to the Company on 25th January 2008 and are exercisable at any time up to expiry date 25th January 2013. The fair values on recognition are as follows:

Issue Date	No	\$
Shares	750,000	150,000
Options	750,000	77,828
		227,828

The shares and options were subject to Australian Stock Exchange Escrow conditions for 1 year from listing. The shares are now free of Escrow and therefore readily tradeable

The market value of these shares at balance date was \$ 0. 07 (\$0.09 2008 subject to escrow reduction adjustment) the reduction in fair value to balance date of \$ 10,875 (reduction \$ 86,625 2008) has been recognised in the financial asset revaluation reserve.

NOTE 7 – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Exploration and Evaluation Costs	17,119,685	15,383,537	2,104,290	1,974,576
Less Provision for Impairment	(1,447,240)	(148,720)	(1,447,240)	(148,720)
Total Exploration and Evaluation Expenditure	15,672,445	15,234,817	657,050	1,825,856
Movement				
Balance at beginning of financial year	15,234,817	8,072,858	1,825,856	1,251,890
Additions	2,456,766	8,078,790	850,332	1,490,797
Write-down of exploration permits	(571,898)	(916,831)	(571,898)	(916,831)
Impairment	(1,447,240)	-	(1,447,240)	-
Balance at end of financial year	15,672,445	15,234,817	657,050	1,825,856

The recoverability of the carrying value of exploration and expenditure assets is dependant upon the successful development and commercial exploitation or alternatively, sale of respective area of interest. For details of the Company's interests in tenements and Joint Ventures, refer to Note 15.

NOTE 8 – RELATED PARTY RECEIVABLES

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Receivable from Bonanza Gold Pty Ltd	-	-	15,622,513	13,376,937

The parent entity provides financial support to the subsidiary to ensure it can pay its debts as and when they fall due and payable. The parent loan to its subsidiary has no fixed date for repayment and is non interest bearing. The Company will not seek repayment where such repayment would prejudice the subsidiaries ability to meet any obligations as and when they fall due. The net asset position of the controlled entity at balance date is a deficit of \$ 413,103 arising from the write off of tenement expenditures in connection with non capitalisable work undertaken on EL 3258 Mt Gee during the 2009 financial year. The expenditures are funded by the parent company and added to a related party loan receivable. The receivable balance is eliminated on consolidation and provision for impairment has been recognised in respect of the investment in the controlled entity.

NOTE 9 – INVESTMENT IN CONTROLLED ENTITY

Entities	Country of incorporation	Class of share	Interest Held		Cost of Investment	
			2009	2008	2009	2008
Bonanza Gold Pty Ltd	Australia	Ordinary	100%	100%	230,000	230,000
Provision for Impairment					230,000	-
					-	230,000

These financial assets are carried at fair value.

The consolidated financial statements incorporate the assets, liabilities and results of the above subsidiary in accordance with the accounting policy described in Note 1(a).

NOTES TO THE FINANCIAL STATEMENTS

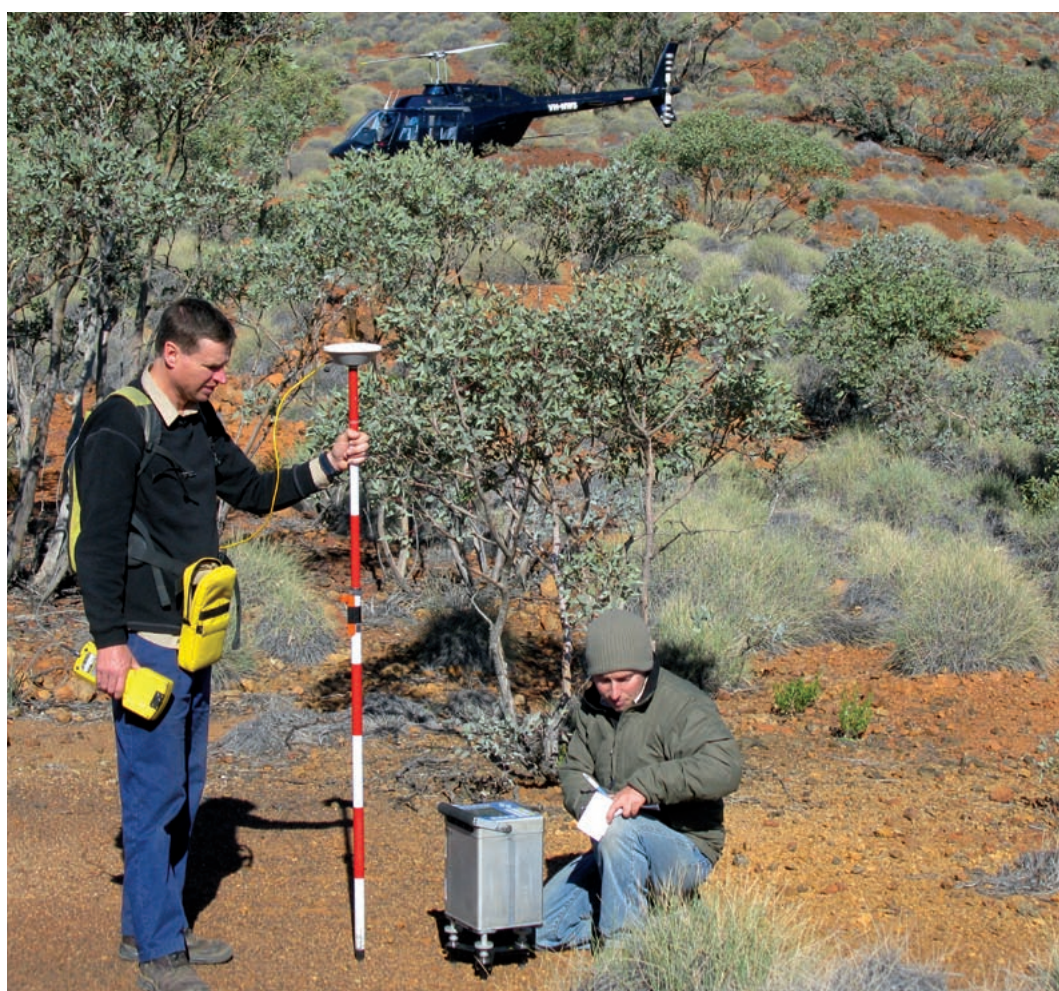
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10 – TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade payables	167,208	648,441	167,208	648,441
Other payables	77,348	102,924	77,348	102,924
Accrued expenses	38,223	282,602	38,223	282,602
	282,779	1,033,967	282,779	1,033,967

NOTE 11 – SHORT TERM PROVISIONS

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Employee benefits				
Balance at beginning of financial year	22,548	30,947	22,548	30,947
Additional provisions	121,938	17,711	121,938	17,711
Amounts paid out	(71,598)	(26,110)	(71,598)	(26,110)
Balance at end of financial year	72,888	22,548	72,888	22,548
Provision in respect of legal action by ex-employee for breach of contract				
	800,000	800,000	800,000	800,000
	872,888	822,548	872,888	822,548



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TOOL ON THE
MT GEE
TENEMENT**

NOTE 12 – ISSUED CAPITAL

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
77,008,677 (2008: 60,690,287) fully paid ordinary shares	36,542,425	31,807,520	36,542,425	31,807,520
Movements in ordinary shares	2009		2008	
	Number	\$	Number	\$
Balance at beginning of report period	60,690,287	31,807,520	51,723,995	15,828,305
Adjustment to strike price on 118,600 Options Exercised in prior year		(16,996)		
Issued at 5.67 cents (03/07/08) – Options Exercised	50,000	2,835		
Issued at 30.67 cents (06/11/08) – Employee Options Exercised	15,000	4,600		
Issued at 32 cents (12/12/08) Rights Issue	15,222,690	4,712,261		
Issued at 5.67 cents (16/06/06) – Options Exercised	789,600	44,771		
Issued at 5.67 cents (17/06/09) – Options Exercised	197,500	11,198		
Issued at 5.67 cents (22/06/09) – Options Exercised	43,600	2,472		
Issued at 20 cents (03/07/07) – Options Exercised			1,000,000	200,000
Issued at 20 cents (24/07/07) – Options Exercised			33,600	6,720
Issued at 20 cents (01/08/07) – Options Exercised			36,300	7,261
Issued at 20 cents (29/08/07) – Options Exercised			9,300	1,860
Issued at 20 cents (31/08/07) – Options Exercised			1,034,300	206,860
Issued at 20 cents (03/09/07) – Options Exercised			500,000	100,000
Issued at 45 cents (03/10/07) – Employee Options Exercised			15,000	6,750
Issued at 20 cents (19/10/07) – Options Exercised			18,600	3,720
Issued at \$2.50 (07/11/07) – Rights Issue			6,200,592	15,501,480
Issued at 20 cents (12/12/07) – Options Exercised			18,600	3,720
Issued at 45 cents (02/04/08) – Employee Options Exercised			100,000	45,000
	77,008,677	36,727,661	60,690,287	31,911,676
Less share issue & capital raising expenses (net of tax)		(185,237)		(104,156)
At reporting date	77,008,677	36,542,424	60,690,287	31,807,520

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

MOVEMENT IN OPTIONS

	Consolidated				Parent			
	2009		2008		2009		2008	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	4,680,700	1.27	6,946,400	0.63	4,680,700	1.27	6,946,400	0.63
Granted	-	-	500,000	4.36	-	-	500,000	4.36
Forfeited	-	-	-	-	-	-	-	-
Exercised	(1,095,700)	0.06	(2,765,700)	0.21	(1,095,700)	0.06	(2,765,700)	0.21
Expired	(525,000)	4.15	-	-	(525,000)	4.15	-	-
Outstanding at year end	3,060,000	1.02	4,680,700	1.27	3,060,000	1.02	4,680,700	1.27
Exercisable at year end	3,060,000	1.02	4,680,700	1.27	3,060,000	1.02	4,680,700	1.27

The options outstanding at 30 June 2009 had a weighted average exercise price of \$ 1.02 and a weighted average remaining contractual life of 23 months. Exercise prices range from \$0.0567 to \$ 1.0367 in respect of options outstanding 30 June 2009. Included in the options outstanding are employee options disclosed under Note 14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12 – ISSUED CAPITAL (con't)

CAPITAL MANAGEMENT

The management's objectives when managing capital are to ensure that the group can fund its operations and continue as a going concern.

The management monitors capital on the basis of expenses cover times ratio. This ratio is calculated as cash and cash equivalent divided by loss before income tax and depreciation as shown on the balance sheet and profit and loss respectively.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year, which is to maintain the expenses cover times at greater than. The ratios for 30 June 2009 and 30 June 2008 are as follows:

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash and cash equivalent	5,525,834	5,306,996	5,249,957	5,306,996
Less items not involving cash transactions				
Depreciation	(162,783)	(116,932)	(162,783)	(116,932)
Impairment	(1,447,240)	-	(1,667,240)	-
Fair Value adjustment	(471,500)	218,500	(471,500)	218,500
Cash loss	3,444,311	5,408,564	2,948,434	5,408,564
Expenses cover times	1.11	1.00	1.22	0.99

The directors are taking steps to identify sources of additional capital and reduction in the rate of expenditure. (refer Note 26).

NOTE 13 – RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Financial Assets Revaluation Reserve

The financial assets revaluation reserve records revaluations of available for sale financial assets

NOTE 14 – SHARE-BASED PAYMENTS

Employee Option Plan

The Company has established an Employee Share Option Plan ('the Plan') to assist in the attraction, retention and motivation of employees or officers of the Company. All employees (full and part-time) and consultants will be eligible to participate in the Plan after a qualifying period of 6 months' employment (or, in the case of a consultant, having provided consulting services on a continuous basis for at least 6 months). The allocation of options to each employee, officer or consultant is in the discretion of the Board. Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. The total number of shares the subject of options issued under the plan, when aggregated with issues during the previous five years pursuant to the plan, must not exceed 10% of the Company's issued share capital.

The following share-based payment arrangements existed at 30 June 2009:

On 31 December 2005, 200,000 share options were granted to employees under the Marathon Resources Limited employee option plan to take up ordinary shares at a current exercise price of \$0.0567 each. The options are exercisable on or before 30 June 2010. At balance date 30,000 options remained unexercised.

On 31 March 2006, 160,000 share options were granted to employees under the Marathon Resources Limited employee option plan to take up ordinary shares at a current exercise price of \$0.3067 each. The options are exercisable on or before 30 June 2010. At balance date 30,000 options remain unexercised.

On 16 November 2006, 3,000,000 share options were granted to executive directors following shareholder approval at the 2006 Annual General Meeting to take up ordinary shares at a current exercise price of \$1.0367 each. The options are exercisable on or before 30 June 2011. At balance no share options had been exercised.

All employee options granted are ordinary shares in Marathon Resources Limited, which confer a right of one ordinary share for every option held.

NOTE 14 – SHARE-BASED PAYMENTS (con't)

	Consolidated				Parent			
	2009		2008		2009		2008	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	3,575,000	1.61	3,190,000	1.10	3,575,000	1.61	3,190,000	1.10
Granted	-		500,000	4.36	-	-	500,000	4.36
Forfeited	-		-	-	-	-	-	-
Exercised	(15,000)	0.06	(115,000)	0.45	(15,000)	0.06	(115,000)	0.45
Expired	(500,000)	4.36	-	-	(500,000)	4.36	-	-
Outstanding at year end	3,060,000	1.02	3,575,000	1.61	3,060,000	1.02	3,575,000	1.61
Exercisable at year end	3,060,000	1.02	3,575,000	1.61	3,060,000	1.02	3,575,000	1.61

The employee options is part of the total options granted as disclosed under Note 12.

The employee options outstanding at 30 June 2009 had a weighted average exercise price of \$1.02 and a weighted average remaining contractual life of 23 months. Exercise prices range from \$0.0567 to \$1.0367 in respect of options outstanding 30 June 2009.

Pursuant to a discount share issue price arising under a rights issue in November 2007 unexercised options at that date became subject to an exercise price reduction as follows

Grant Date	Expiry Date	Exercise Price	
		At Grant	Post 2007 Rights
31 September 2005	30 June 2010	\$0.20	\$0.0567
31 March 2006	30 June 2010	\$0.45	\$0.3067
16 November 2006	30 June 2011	\$1.18	\$1.0367

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15 – TENEMENTS AND JOINT VENTURES

The Company's interests in tenements and unincorporated joint venture operations at the date of this report are as follows:

Project	Tenement	Commodity	Consolidated		Parent	
			2009 \$	2008 \$	2009 \$	2008 \$
100% INTEREST						
South Australia						
Blanchetown **	EL 4052	Mineral sands	70,268	57,150	70,268	57,150
Pinda Springs *	EL 3159	Base Metals, Copper, Gold	-	109,615	-	109,615
Mt Gee	EL 3258	Uranium, Rare earths	14,494,147	12,901,554		
Mulga Well ** – Hard rock rights	EL 3211	Uranium, Cop- per, Gold	236,554	245,992	236,554	245,992
Victoria						
Deddick River	ELA 5086	Copper, Gold	26,504	21,310	26,504	21,310
Little Yalmy	ELA 5085	Copper, Gold	24,300	19,793	24,300	19,793
JOINT VENTURES						
South Australia						
Coondambo **	EL 2819	Copper, Gold, Uranium	192,882	342,075	192,882	342,075
Western Australia						
Warburton ***	E69/1564 / 2211 2177 / 2178 / 2179 2180 / 2181	Copper, Nickel, Uranium	1,525,846	1,133,517	1,525,846	1,133,517
Victoria						
Kalymna	EL 4526	Copper, Gold	521,248	507,407	-	-
			17,091,749	15,338,413	2,076,354	1,929,452
Application Monies for Grants of New Tenements			-	-	-	-
Accrued commitments			27,936	45,124	27,936	45,124
Total exploration costs			17,119,685	15,383,537	2,104,296	1,974,576
Less provided for impairment			(1,447,240)	(148,720)	(1,447,240)	(148,720)
Carrying value of exploration costs Per Note 7			15,672,445	15,234,817	657,050	1,825,856

* Pinda Springs EL 3159 was allowed to lapse on 20th January 2009

** Adjustment has been made to reflect relinquishment of ground from the tenements on renewal anniversary dates.

*** Impairment provision has been made in respect of this parcel of tenements as a result of JV decisions taken prior to year end about future exploration activity and the impact of those decisions in respect of the potential economic value of earlier drill holes.

In respect of the Mulga Well tenement (EL 3211) the company continues to hold a 100% interest in the rights to hard rock exploration while being a party to a joint venture in respect of Palaeochannel exploration over the tenement.

Interests in unincorporated joint venture operations at the date of this report where as follows:

Name of entity	Principal activity	Joint Venture Partner	2009	2008
Coondambo**	Mineral exploration	Platsearch NL	50%	50%
Bon Bon*	Mineral exploration	UraniumSA	30%	30%
MacDowell Hill*	Mineral exploration	UraniumSA	30%	30%
Mulga Well*	Mineral exploration	UraniumSA	30%	30%
Kalymna**	Mineral exploration	PS & GF Forwood	90%	90%
Warburton**	Mineral exploration	Strzelecki Metals Ltd	50%	15%

The company's interest in the joint ventures are pursuant to agreements providing for minimum exploration expenditures over defined time lines, as follows: -

* The Company's interest in these joint ventures entered into on 18 October 2006 is free carried. All expenditures are to be met by the joint venture partner.

** The Company meets all exploration costs of these joint ventures.

NOTE 16 – COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

EXPLORATION EXPENDITURE COMMITMENTS

The Company has certain statutory obligations to perform exploration work and expend minimum amounts of money on its mineral exploration tenements.

The terms of current and future joint ventures, granting of new licences and changes to existing licences will impact on the Company's expenditure commitments.

Total annual expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	Consolidated	
	2009 \$	2008 \$
Tenement maintenance commitment		
Not longer than 1 year	259,208	145,000
Longer than 1 year and not longer than 5 years	582,692	-
Operating lease commitments		
Not longer than 1 year	125,196	135,196
Longer than 1 year and not longer than 5 years	247,848	383,044
Aggregate commitments		
Not longer than 1 year	384,404	280,196
Longer than 1 year and not longer than 5 years	830,540	383,044
Contingent liability		
The Company is defending a litigation claim by a former employee in relation to his dismissal. The Company has received legal advice that it has a strong defence and should be successful. However, if this is not the case then an additional cost will be incurred over that provided in the accounts	800,000	800,000

NOTE 17 – SEGMENT INFORMATION

The consolidated entity operates solely in the mining and exploration industry in Australia.

NOTE 18 – FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivables and payable which are summarised as follows:

	Weighted Average Effective		Fixed interest Maturing		Non-interest Bearing				Total	
	Interest Rate		Within 1 year		Within 1 year		>1 year			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets										
Loans and receivables										
Cash & cash equivalents	3.28	7.47	3,835	5,369	4	80	-	-	3,839	5,449
Receivables	-	-	-	-	401	291	-	-	401	291
Available for sales	-	-	-	-	472	-	-	469	472	469
At fair value through profit & loss	-	-	-	-	92	564	-	-	92	564
Total Financial Assets			3,835	5,369	969	935		469	4,804	6,773
Financial Liabilities										
Trade and other payables	-	-	-	-	283	1,034	-	-	283	1,034
Total Financial Liabilities			-	-	283	1,034	-	-	283	1,034

The group does not hold any derivative instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 18 – FINANCIAL INSTRUMENTS (con't)

i. Treasury Risk Management

A finance committee consisting of senior executives of the group meet on a regular basis to evaluate management strategies in the context of the most recent economic conditions and forecasts.

ii. Finance Risks

The Group's financial instruments are exposed to a variety of financial risks, being Market risk (Interest rate and Price risk), Credit risk and Liquidity risk. The group operate mainly in Australia and as such are not subject to foreign exchange risk.

INTEREST RATE RISK

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities summarised in the table above.

Sensitivity: At 30th June 2009, if interest rates had changed by +/- 10 basis points from the year end rates with all other variables held constant post tax loss would have been \$ 3,835 more/less as a result of lower/higher interest income from term deposits.

PRICE RISK

Price risk relates to the risk that the fair value of a financial instrument will fluctuate because of changes in market prices largely due to market forces. The groups available for sales financial assets and fair value through profit and loss financial assets are subject to price risk. All equity investments within these 2 categories of financial assets are publicly traded on the ASX.

Sensitivity of fair value through profit and loss financial assets

At 30th June 2009, if the market price of these financial assets had changed by +/- 10% from the year end market price with all other variables held constant, the post tax loss would have been \$9,200 less/more, with corresponding increase/decrease in equity.

Sensitivity of available for sales financial assets

At 30th June 2009, if the market price of these financial assets had changed by +/- 10% from the year end market price with all other variables held constant, the group equity would have been \$47,203 more/less, with no effect to profit and loss.

CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligation that could lead to a financial loss to the Group.

The group's maximum exposure to credit risk are its cash and cash equivalent and receivables as noted in the table above. The group manages its credit risk by depositing with reputable licenced banks. Other receivables are due mainly due from government as a result of the R&D tax offset, and therefore not expose to credit risk.

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate sources of funding are available. Maturity of the group's financial liabilities are within 1 year.

(b) Financial Instruments

Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

NOTE 19 – NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated		Consolidated	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash on hand	500	500	500	500
Cash at call	3,780	79,409	3,780	79,409
Short-term bank deposit	3,834,833	5,368,856	3,607,833	5,298,856
	3,839,113	5,448,765	3,612,113	5,378,765

The effective interest rate on short-term bank deposits is 3.28% (2008: 7.47%). All deposits are for less than 12 months.

(b) Reconciliation of Cash Flow from Operations with Loss after Tax

	Consolidated		Consolidated	
	2009 \$	2008 \$	2009 \$	2008 \$
Loss after income tax	(5,605,221)	(5,429,462)	(5,329,344)	(5,429,462)
Cash flows excluded from profit attributable to operating activities:				
Loss on disposal of plant and equipment	27,140	5,463	27,140	5,463
Non-cash flows in profit				
Depreciation	162,783	116,932	162,783	116,932
Employee benefits expense – share based payments	-	1,234,000	-	1,234,000
Fair value adjustment on financial assets	471,500	(218,500)	471,500	(218,500)
Exploration expenditure written off	571,898	916,831	571,898	916,831
Income tax attributable to share issue costs	79,387	44,638	79,387	44,638
Financial assets received for entering Joint Venture	-	(150,000)	-	(150,000)
Impairment provision	1,447,240	-	1,447,240	-
Change in assets and liabilities				
(Increase) Decrease in Exploration accruals	17,188	-	17,188	-
(Increase) Decrease in receivables	(110,919)	134,855	(134,656)	33,173
Increase (Decrease) in payables	(751,188)	(1,539,854)	(751,188)	(1,539,854)
Increase (Decrease) in provisions	50,340	791,601	50,340	791,601
Net Cash provided by (used in) operating activities	(3,639,854)	(4,093,496)	(3,157,712)	(4,195,178)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20 – KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions of key management personnel in office at any time during the financial year are:

Peter Williams	Chairman (non-executive)	Appointed 21/05/2004
Denis Wood	Non-Executive Director	Retired 27/08/2008
Chen Zeng	Non-Executive Director	Appointed 27/12/2006
Chris Schacht	Non-Executive Director	Appointed 24/01/2008
John Linley	Chief Executive Officer	Appointed 30/06/2008
Stuart Appleyard	Secretary	Appointed 28/01/2004
W Ian McRae	General Manager	Appointed 28/01/2008

		Directors Fees	Salary and wages	Cash Bonus	Superannuation contributions	Ex gratia payments	Other (1)	Share-based Payments Options (2)	Total
P.L. Williams	2009	55,000	-	-	4,950	-	-	-	59,950
	2008	50,000	-	-	4,500	-	-	-	54,500
J. Santich	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	236,733	-	236,733
W. Bogacz	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	264,333	-	264,333
D Wood	2009	5,000	-	-	450	-	-	-	5,450
	2008	30,000	-	-	2,700	-	-	-	32,700
C Zeng	2009	35,000	-	-	1,800	-	-	-	36,800
	2008	30,000	-	-	-	-	-	-	30,000
C Schacht	2009	35,000	-	-	3,150	-	-	-	38,150
	2008	12,500	-	-	1,125	-	-	-	13,625
J Linley	2009	35,000	5,555	-	3,150	-	-	-	43,705
	2008	-	-	-	-	-	-	-	-
S. Appleyard	2009	-	45,000	-	20,400	-	-	-	65,400
	2008	-	80,000	-	5,400	15,000	-	-	100,400
I McRae	2009	-	187,502	25,000	93,317	-	-	-	305,819
	2008	-	20,852	20,833	102,965	-	-	-	144,650
S. Hall	2009	-	-	-	-	-	-	-	-
	2008	-	80,306	-	26,325	-	-	1,234,000	1,340,631
Total	2009	165,000	238,057	25,000	127,217	-	-	-	555,274
	2008	122,500	181,158	20,833	143,015	15,000	501,066	1,234,000	2,217,572

(1) Executive Directors, Dr J.R. Santich and Dr W. Bogacz, elected on the 1 April 2006 to convert to a consultancy based emolument arrangement from salaried benefits in accordance with the relevant terms and conditions of their employment contracts. The 2008 amounts include \$ 90,133 each for early contract termination. Both directors retired on 30th June 2008.

(2) S Hall was initially employed on a fixed 2 year contract on 15th April 2007 which was terminated by the Company effective 31st October 2007. Options granted to Mr Hall on 2nd August 2007 expired in the current year.

NOTE 20 – KEY MANAGEMENT PERSONNEL COMPENSATION (con't)

Options issued as part of remuneration for the year ended 30 June 2009

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Marathon Resources Limited and its subsidiary to increase goal congruence between executives, directors and shareholders.

Options Granted as Remuneration during the year or up to the date of this report

Key Management Personnel	Granted No	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
John G (Shad) Linley	1,000,000	2 September 2009	0.458	0.80	3 September 2009	2 September 2012

Grant of options pursuant to shareholder approval at an EGM on 2nd September 2009 value of options to be expensed in the accounts of year ended 30 June 2010.

All options are granted for nil consideration.

Number of options held by key management personnel

	Balance 01.07.2008	Granted as Compensation	Option Exercised	Net Change Other*	Balance 30.6.09
Peter Williams	-	-	-	-	-
Denis Wood	-	-	-	-	-
Chen Zeng	-	-	-	-	-
Chris Schacht	-	-	-	-	-
John Linley	-	-	-	-	-
Stuart Appleyard	-	-	-	-	-
Ian McRae	-	-	-	-	-
Total	-	-	-	-	-

* 'Net Change Other' refers to options forfeited or expired during the financial year.

Number of shares held by key management personnel

	Balance 01.07.2008	Granted as Compensation	Option Exercised	Net Change Other*	Balance 30.6.09
Peter Williams	684,000	-	-	133,600	817,600
Denis Wood	136,364	-	-	-	136,364
Chen Zeng	-	-	-	-	-
Chris Schacht	45,000	-	-	18,000	63,000
John Linley	-	-	-	375,000	375,000
Stuart Appleyard	1,297,018	-	-	293,030	1,590,048
Ian McRae	1,000	-	-	32,000	33,000
Total	2,163,382	-	-	851,630	3,015,012

* 'Net Change Other' refers to shares purchased or sold during the financial year.

NOTE 21 – RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those to other parties, unless otherwise stated.

Mr S M. Appleyard is a consultant with Lynch Meyer lawyers. The Company had no dealings with Lynch Meyer during the year. (2008: \$1,820)

Apart from this prior year transaction the Company has had no related party transactions with any of its key management personnel in either the current or prior financial year.

The Company has advanced funds to its subsidiary during the year amounting to 2,245,576 (2008: \$6,486,311). The balance owing from the subsidiary at year end was 15,622,513 (2008: \$13,376,937).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22 – AUDITOR’S REMUNERATION

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Amounts received or due & receivable by the Auditor of the company for:				
- auditing & review services	29,800	25,750	29,800	25,750
- other services	-	-	-	-

NOTE 23 – MATTERS SUBSEQUENT TO THE END OF THE YEAR

On or about 11th August 2009 it was agreed in principle by the parties to the Warburton Joint Venture that the Company withdraw from the JV with effect 31 August 2009 and it thus be brought to an end.

As a consequence of this decision an amount of \$ 78,606 will be written off in the accounts of the year ended 30th June 2010 to fully expense the Company’s residual asset value of this project.

Other than as disclosed above, there is no matter or circumstance that has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- (a) the consolidated entity’s operations in future financial years, or
- (b) the results in future financial years, or
- (c) the consolidated entity’s state of affairs in future financial years.

NOTE 24 – FINALISATION OF SIGNIFICANT EVENT

Environmental matter

Rectification plan

On 11th August 2008, the Department of Primary Industry and Resources SA (PIRSA) approved the Company’s Rectification Plan for the retrieval and disposal of drill cuttings buried at Mt Gee.

Marathon received consent from PIRSA on 17th November to commence the clean-up and field work commenced that day. The final bags were removed on 18th December and along with other waste material, were re buried at an E PA approved site. Rehabilitation works relating to the rectification Plan was completed at Mt Gee early in January 2009.

The Rectification Completion Report compiled by the lead independent consultant (Parsons Brinkerhoff) was submitted to PIRSA on 16th February 2009. The independent report concluded that the rectification had been successfully completed.

On 28th April 2009 PIRSA confirmed completion of the work had been undertaken in accordance with the Rectification Plan.

NOTE 25 – EARNINGS PER SHARE

	Consolidated	
	2009 \$	2008 \$
Basic earnings per share	(0.810)	(0.092)
Loss used to calculate basic EPS	(5,605,221)	(5,351,634)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	69,129,051	58,101,455

The weighted number of share options on issue during the year is not included in the calculation of diluted earnings per share because they are anti-dilutive for both reported years. These options could potentially dilute basic earnings per share in the future.

NOTE 26 – ECONOMIC DEPENDENCY

Going Concern

The financial report has been prepared on the basis of going concern.

As a junior explorer the Group has generally only sufficient funds on hand to meet ongoing minimum short term corporate and exploration commitments. As a consequence the Directors periodically consider the following activities:

- negotiate to farm out the Group's surplus exploration commitments;
- steps to identify sources of additional capital; and
- reduction in the rate of expenditure.

The Group is economically dependent on the achievement of one or all of the above options.

The Company's ability to continue as a going concern is contingent upon successfully raising additional capital. If additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances had been made in the financial report.

NOTE 27 – COMPANY DETAILS

The registered office and principal place of business is:

Marathon Resources Limited

235 Port Road

Hindmarsh South Australia 5007

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009

SHAREHOLDER INFORMATION

At the date of this report all the issued securities of the Company comprised ordinary shares none of which were subject to any restrictions.

SUBSTANTIAL SHAREHOLDERS AT 10th September 2009

NAME	FULLY PAID SHARES	ORDINARY SHARES %
Talbot Group Holdings Pty Ltd	14,869,839	19.31
CITIC Australia Pty Ltd	12,789,664	16.61
ANZ Nominees Limited	7,922,301	10.29

DISTRIBUTION OF SHAREHOLDINGS AT 10th September 2009

All securities issued by the Company are fully paid ordinary shares entitling the holders to participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of the shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share counts as one vote.

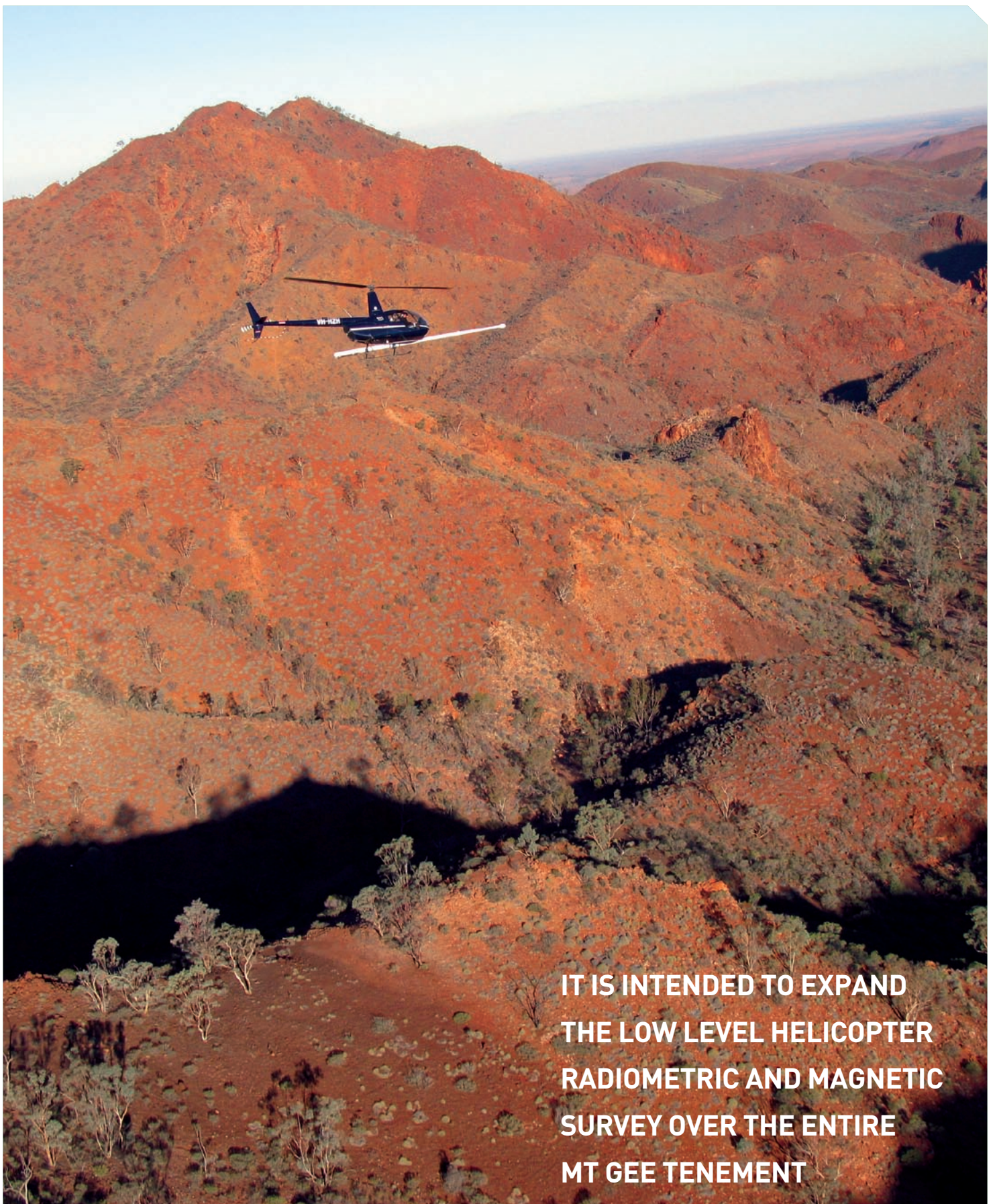
RANGE	TOTAL HOLDERS	NUMBER OF SHARES
1 – 1,000	639	398,222
1,001 – 5,000	1105	3,014,781
5,001 – 10,000	467	3,675,322
10,001 – 100,000	501	14,386,697
100,001 – 1,000,000	47	11,776,115
1,000,001 – maximum	8	43,757,540
Total	2767	77,008,677

At 10th September 2009 a marketable parcel constituted 730 shares.

The number of shareholders holding less than a marketable parcel was - 378 150,370

TWENTY LARGEST SHAREHOLDERS AT 10th September 2009

NAME	FULLY PAID ORDINARY SHARES	% OF ISSUED CAPITAL
Talbot Holdings	14,869,839	19.31
Citic Australia Pty Ltd	12,789,664	16.61
ANZ Nominees Limited	7,922,301	10.29
National Nominees Limited	2,506,780	3.26
Citicorp Nominees Pty Ltd	1,717,449	2.23
Archon Resource Technologies Pty Ltd	1,472,148	1.91
HSBC Custody Nominees (Australia) Limited	1,299,291	1.69
FMS Pty Ltd (FMS Family A/C)	1,180,068	1.53
Mr William Sydney Latimer (WS Latimer Family No 3 A/C)	1,000,000	1.30
Cluan Capital Management Pty Ltd (PL Williams Family A/C)	700,000	0.91
Wieslaw + Halina Bogacz (Archon Res Tec P/L Super A/C)	680,914	0.88
AMMF Investments Pty Ltd (AM Family A/C)	600,000	0.78
Sheoak Runner Pty Ltd (JR Santich S/F A/C)	448,000	0.58
Mrs Georgia Georgaklis	415,500	0.54
FMS Pty Ltd (SM Appleyard S/F A/C)	409,980	0.53
Dr John Gordon Linley	375,000	0.49
Ms Carol Ann Agnew	364,210	0.47
PM Dight & Associates Pty Ltd (PM Dight & Assoc S/F AC)	354,220	0.46
Robert Co Pty Ltd	343,000	0.45
Bill Georgaklis & Georgia Georgaklis (Edgecliff S/F A/C)	321,400	0.42
Totals	49,769,764	64.63



**IT IS INTENDED TO EXPAND
THE LOW LEVEL HELICOPTER
RADIOMETRIC AND MAGNETIC
SURVEY OVER THE ENTIRE
MT GEE TENEMENT**

CORPORATE DIRECTORY

CORPORATE DIRECTORY

DIRECTORS

Peter Williams CHAIRMAN (NON-EXECUTIVE)
John G (Shad) Linley CHIEF EXECUTIVE OFFICER
Chen Zeng NON-EXECUTIVE
Christopher Schacht NON-EXECUTIVE

COMPANY SECRETARY

Stuart Appleyard

MT GEE PROJECT MANAGER

Ian McRae

REGISTERED & PRINCIPAL BUSINESS OFFICE

235 Port Road
Hindmarsh SA 5007

BANKERS

National Australia Bank
22-28 King William Street
Adelaide SA 5000

PRINCIPAL LAWYERS

Watson Lawyers
60 Wellington Square
North Adelaide SA 5006

AUDITORS

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5066

SHARE REGISTRAR

Computershare Registry Services Pty Ltd
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Adelaide SA 5000
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