

Thursday, 28 July 2005

MARATHON



**COMPANY ANNOUNCEMENT OFFICE
AUSTRALIAN STOCK EXCHANGE**

**QUARTERLY REPORT
1 APRIL 2005 – 30 JUNE 2005**

During the last quarter Marathon's emphasis has been on the continued evaluation of the uranium rich Paralana Ore System within the Company's tenement in the Northern Flinders Ranges (EL 3258). The Company has also advanced exploration on its Coober Pedy and Glendambo tenements in the Gawler Craton, as well as in Western Victoria.

In terms of personnel, the Company now has a full staff complement and the Company's head office relocation has been completed. An appropriate IT network has been commissioned to ensure up to date electronic communication and processing of data.

Toward the end of the quarter, Executive directors Dr John Santich and Dr Vic Bogacz travelled to Europe, during which time they called on institutions in London, visited the Company's European geotechnical consultants, the Economic Geology Centre (EGC) at the University of Mining and Metallurgy, in Krakow, and attended an IAEA international symposium on uranium production and raw materials for the nuclear fuel cycle in Vienna. Each leg of the journey was fruitful and will assist the growth of the Company and enhance shareholder value.

Tenements

EL 3258 – Paralana Ore System/Mt Gee

During the quarter the Company released results of the detailed analysis of a 636 metre diamond drill hole, drilled by the Company's subsidiary in 2002. The results demonstrated the extent of the Paralana Ore System which is expected to be further confirmed by the results of deposit modelling, the first phase of which is now complete.

Detailed planning for a drilling program for the Mt Gee area of the Paralana Ores System, which will be implemented later in the year after comprehensive review of the EGC report, has been completed. Limited regional gravity work has been carried out along access tracks. Permit documentation relating to the proposed program has been completed and lodged, and the heritage clearances process is underway.

ELs 2730/3324 - Woorong Creek/Mabel Creek

Coverage of the Woorong Creek tenement by regional gravity traverses has been completed. Detailed re-modelling of the M8 and MC5 anomalies has been completed, with three target zones of significant density and gravity contrast defined several hundred metres south of the existing M8 drillhole. No major targets were defined at MC5.

The defined targets are considered prospective for Olympic Dam style copper-uranium-gold mineralisation. Processes for heritage clearances of these and other areas within the tenements have been initiated. It is anticipated that these processes will be completed in time for drilling to commence later in the September quarter.

ELs 2819/3211 Coondambo/Mulga Well

Planning is under way for further work on EL2819 which will include at least one basement drillhole to test a target considered prospective for Olympic Dam style copper-uranium-gold mineralisation. Geochemistry has been trialled over the proposed drill sites with the intention to improve targeting and to develop the research database. Results of these trials are expected shortly and subject to drill rig availability, drilling is expected to commence during the September quarter.

At Mulga Well, regional calcrete sampling has been completed. An area of low order gold anomalism has been identified and follow up work is being planned.

EL 3159 - Pinda Springs

Collation of historical data relating to the under-explored Pinda Springs tenement is continuing. Planning is underway for a work program over areas identified as having maximum exploration potential.

EL 3164 – Mongolata

A site visit was conducted by the Company's chief geologist and collation of historical data relating to the Mongolata tenement is continuing.

EL 4526/4621 – Kalymna/Glenlyle

During the quarter geophysical work and air core geochemical drilling was conducted at Kalymna. An IP survey to further refine the known target was completed within the Glenlyle tenement. The planned program is continuing with completion expected later this year following a final phase of RC drilling

Employee Share Options

On 30 June 2005 the Board resolved to issue 3.2 million employee share options to employees of the Company pursuant to the Company's Employee Share Option Plan. The exercise price and expiry date of all options, which will be unlisted and be issued after the qualifying period, were as follows:

	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Exercise Price</i>	<i>Exercise Price</i>	<i>Exercise Price</i>
	30-6-2010	20 cents	30 cents	40 cents	50 cents
Number of Options		200,000	300,000	500,000	700,000

Included in the issue was an allocation to executive directors, which will be subject to approval by shareholders, as follows:

<i>Name</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Exercise Price</i>	<i>Exercise Price</i>
		30 cents	40 cents	50 cents
J Santich	30-6-2010	300,000	500,000	700,000
W Bogacz	30-6-2010	300,000	500,000	700,000



Dr John Santich
Chief Executive Officer

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MARATHON RESOURCES LIMITED

ABN

31 107 531 822

Quarter ended ("current quarter")

30 JUNE 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A '000	Year to date (12 months) \$A '000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(156,673)	(185,586)
(b) development		
(c) production		
(d) administration	(172,044)	(274,219)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	3,058	35,297
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(325,659)	(424,508)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	NIL	(28,621)
(b)equity investments		
(c) other fixed assets	(29,739)	(108,124)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(29,739)	(136,745)
1.13 Total operating and investing cash flows (carried forward)	(355,398)	(561,253)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(355,398)	(561,253)
	Cash flows related to financing activities	--	4,917,067
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other –Prospectus & Supplementary Prospectus	(194,079)	(606,622)
	Net financing cash flows	(194,079)	4,310,445
	Net increase (decrease) in cash held	(549,477)	3,749,192
1.20	Cash at beginning of quarter/year to date	4,317,457	18,788
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,767,980	3,767,980

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	77,542
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

SUPPLEMENTARY PROSPECTUS DATED 19TH JANUARY 2005 RESULTED IN ADDITIONAL COSTS.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

		\$A'000	
4.1	Exploration and evaluation	650,000	
4.2	Development		
Total		650,000	

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	67,980	4,317,457
5.2 Deposits at call	3,700,000	
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,767,980	4,317,457

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NO CHANGES		
6.2	Interests in mining tenements acquired or increased	NO CHANGES		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3 +Ordinary securities	37,810,395	29,067,895	20c	20c
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL NIL			
7.5 +Convertible debt securities <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	5,500,000	NIL	<i>Exercise price</i> 20c	<i>Expiry date</i> 30.6.2009
7.8 Issued during quarter	NIL	NIL		
7.9 Exercised during quarter	NIL	NIL		
7.10 Expired during quarter	NIL	NIL		
7.11 Debentures <i>(totals only)</i>	N/A	N/A		
7.12 Unsecured notes <i>(totals only)</i>	N/A			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: ... 28 July 2005...
(Director/Company secretary)

Print name: ..DR JOHN SANTICH.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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