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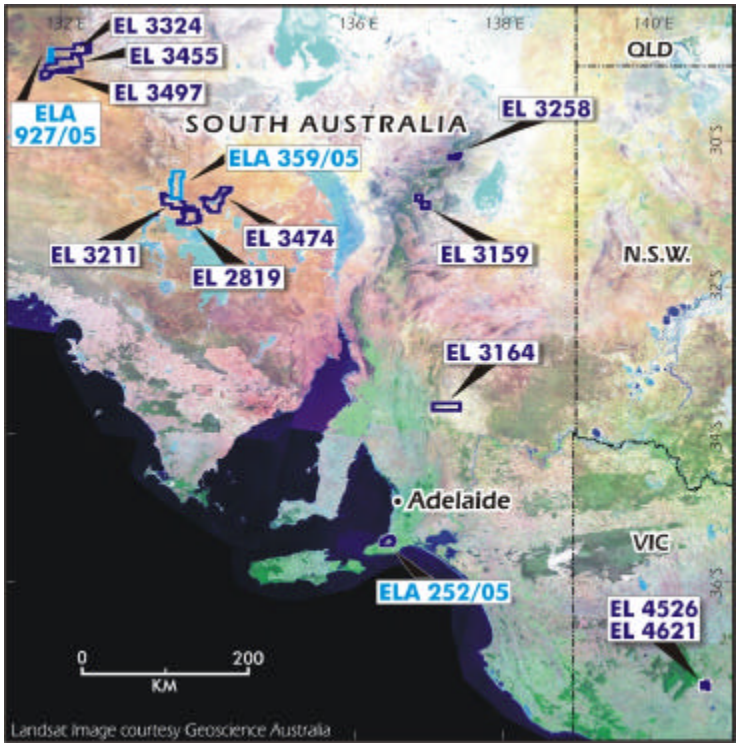
COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

QUARTERLY REPORT
1 JANUARY 2006 – 31 MARCH 2006

Marathon is pleased to present its activity report for the quarter ending 31 March 2006, during which exploration advanced on all of its tenements (Figure 1).

Although the major focus was the Paralana Mineral System, exploration activity, including drilling and drill program preparation, was undertaken in Western Victoria and in the Gawler Craton. Field work was conducted in the Northern and Central Flinders Ranges, and a number of new tenements which had been applied for were offered to the Company.



Mt Gee	EL 3258
Mabel Creek	EL 3324
Woorong Creek	EL 3455
Mulga Well	EL 3211
Coondambo	EL 2819
Pinda Springs	EL 3159
Mongolata	EL 3164
Kalymna	EL 4526
Glenlyle	EL 4621
McDowell Hill	EL 3474
Tallaringa	EL 3497
Bon Bon	ELA 359/05
Myponga	ELA 252/05
Paragon Bore	ELA 927/05

Figure 1: Marathon's Exploration Licenses in South Australia and Western Victoria

The highlight of the quarter was the continued drilling on the Company's most advanced project, the 100% owned uranium rich Paralana Mineral System of EL 3258 in the Northern Flinders Ranges of South Australia (Figure 2). Drilling was completed at the Hodgkinson deposit with a number of very satisfying intersections, and commenced at the Mt Gee deposit, from which assays are expected later this week.

Paralana Mineral System (Uranium)

During the quarter drilling was completed at the Hodgkinson deposit, and results were announced on 19 January 2006. The results confirmed structural controls on mineralisation and the nature of the Hodgkinson deposit as relatively high grade, in comparison with other known deposits of the Paralana Mineral System.

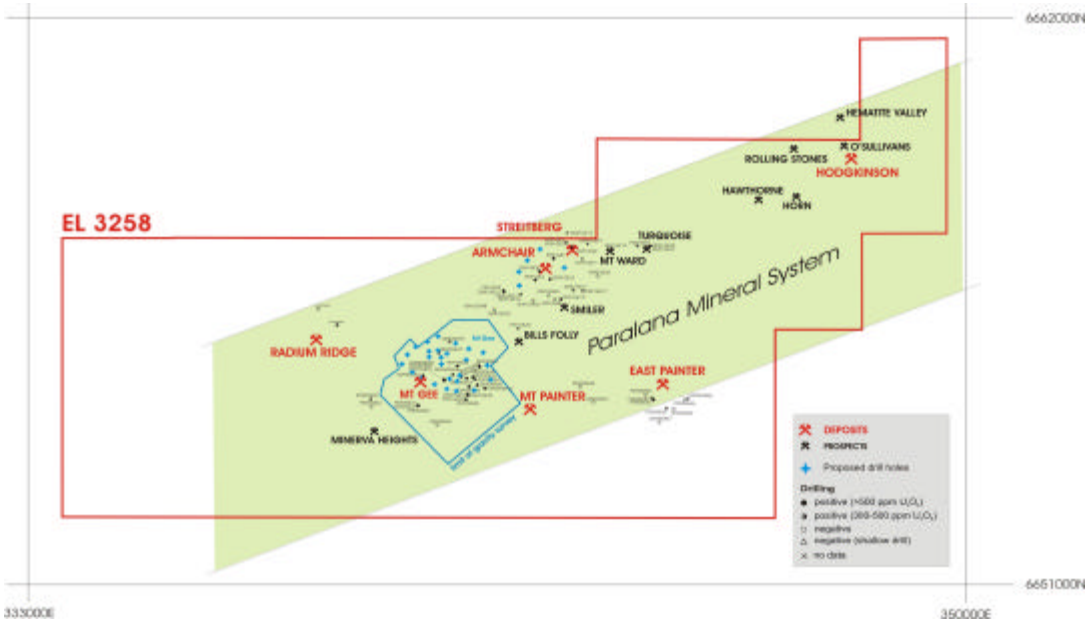


Figure 2: EL 3528, The Paralana Mineral System

Drilling at the Mt Gee deposit has been competed for the time being. Delays at the assay laboratories, beyond the control of the Company, have now been overcome and it is expected that assay results from the current Mt Gee program will be available this week; they will be reported to the market as soon as possible.

Due to the prolonged program at Mt Gee, the Armchair –Streitberg drilling will be deferred until later in the year.

As recently reported, the Company identified haematitic breccia in drill core from two former Mines Department diamond drill holes MGD 047A and MGD 151 drilled in 1976 in the central eastern part of the Mt Gee deposit. The core had never been cut and assayed and the Company proceeded to have that done, yielding significant uranium assay results.

Of the two drill holes, the highest grade intersection was in drill hole MGD 047A, a 21m wide zone of strong uranium mineralisation, between 146m and 167m depth, averaging 0.084% U_3O_8. Drill hole MGD151 intersected a 32m zone of uranium mineralisation between 216m and 248m depth, averaging 0.059% U_3O_8. For more detail see the Company's ASX announcement of 6 March 2006.

The Mt Gee deposit in the central part of the north-easterly trending Paralana Mineral System comprises an inferred resource of some 57 million tonnes of mineralisation at an average grade of 0.06% U_3O_8 containing about 33,200t of uranium oxide. It has been noted that in the ASX release of 6 March the Company referred to this inferred resource giving the contained metal content only. It was an oversight to give contained metal content without reference to overall tonnage and grade.

Glendambo (IOCG Cu-Au-U)

The Company's original tenements in the Glendambo area are Coondambo (EL 2819), held through a joint venture with Platsearch NL, and Mulga Well (EL 3211), 100% owned by Marathon. The Company carried out exploration over both tenements during the quarter. Further tenements have been applied for in the area, some of which have been granted.

The UDR650 crawler mounted drill rig currently completing drilling at Mt Gee in the Northern Flinders Ranges will be remobilised to Coondambo in early May and is expected to begin drilling immediately.

The anticipated drill hole depth is 400m, to test the AMT anomaly Scorpion North identified previously on the northern margin of the significant Scorpion Bore gravity anomaly. The hole will be located at 567820mE/6561575mN (MGA), and oriented as shown in Figure 3.

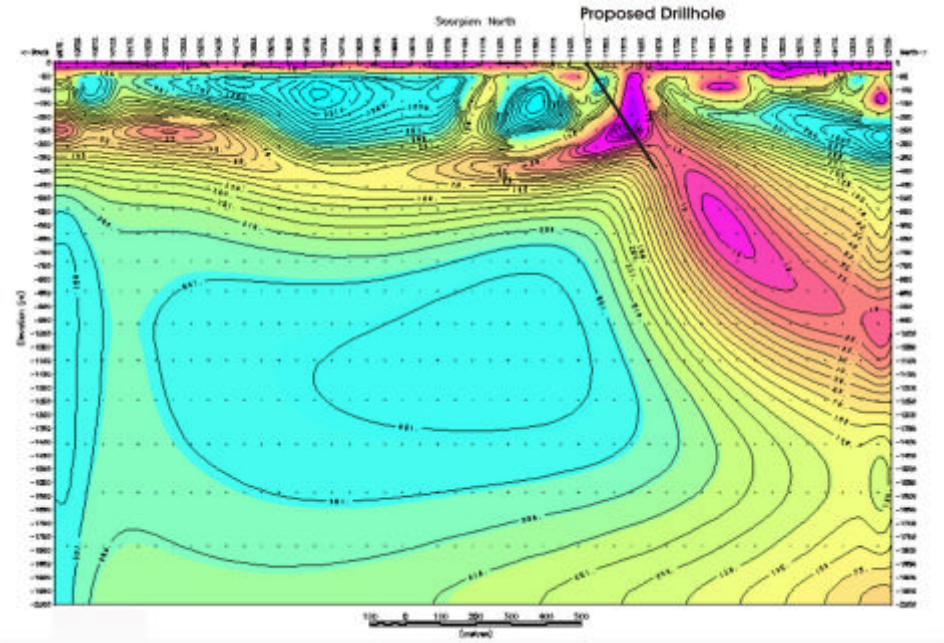


Figure 3: EL 2819, AMT pseudosection with proposed drillhole.

Coober Pedy (IOCG Cu-Au-U)

The Company's Woorong Creek (EL 3455) and Mabel Creek (EL 3324) tenements near Coober Pedy tenements are held through a joint venture with Minotaur Exploration Ltd. The Company carried out exploration over both tenements during the quarter year, with most emphasis on Woorong Creek.

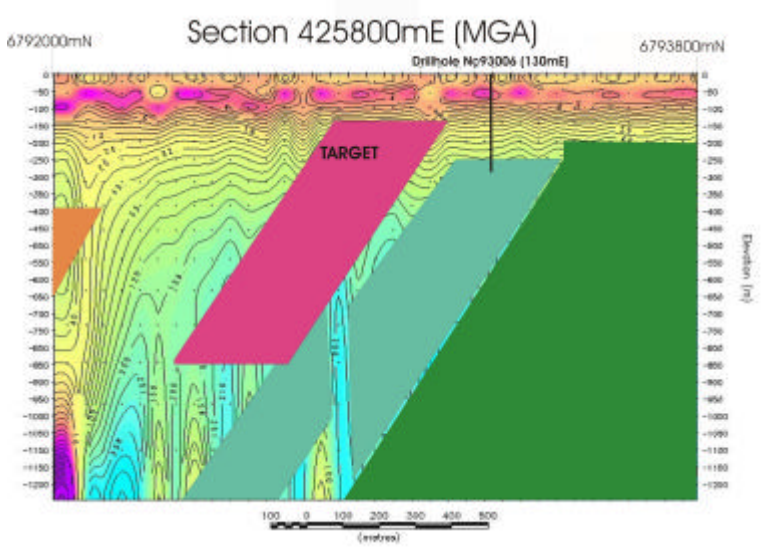


Figure 4: EL 3455, section showing interpreted gravity/magnetic bodies on AMT pseudosection.

Electrical geophysical traverses were conducted over M8, on Woorong Creek, to refine the drill target; this traverse confirmed the interpretation of the overlapping strong aeromagnetic and gravity anomalies (Figure 4). Preparations are underway for drillin.

Mongolata (Au, Au-Cu)

Exploration work continued at Mongolata (EL 3164) during the quarter with completion of a calcrete and partial leach soil sampling program. The tenement covers the old Mongolata Gold Field, where early mining yielded some 10,000 oz of gold with an average grade about 50 g/t Au.

A gravity program will commence at Mongolata shortly covering the same area as the soil grid and will be extended to the west and south. Fill-in calcrete sampling will also be commenced, around the anomalous area shown in Figure 5, and extended to the west and south.

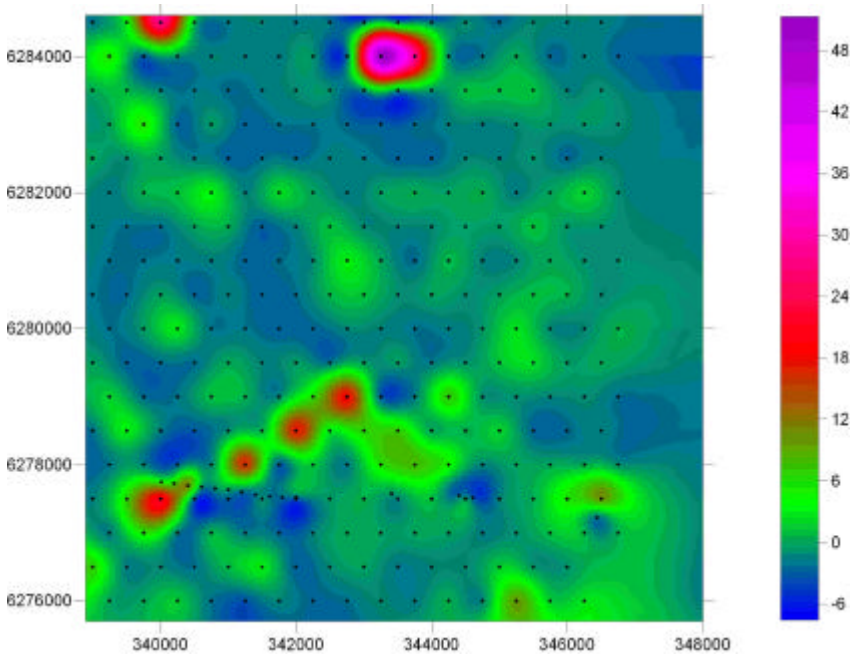


Figure 5: EL 3164, Image of propriety multi-element algorithm of responses from calcrete sampling

Pinda Springs (Cu-Au, Zn-Pb)

Exploration continued at Pinda Springs (EL 3159) during the quarter, with the commencement of stream sediment sampling and geological mapping in the south-eastern portion of the tenement, the regional geology of which is shown in Figure 6.

The Pinda Springs exploration program will provide baseline data for the area prior to a gravity survey to assist in the interpretation of the major magnetic anomaly underlying this portion of the tenement.

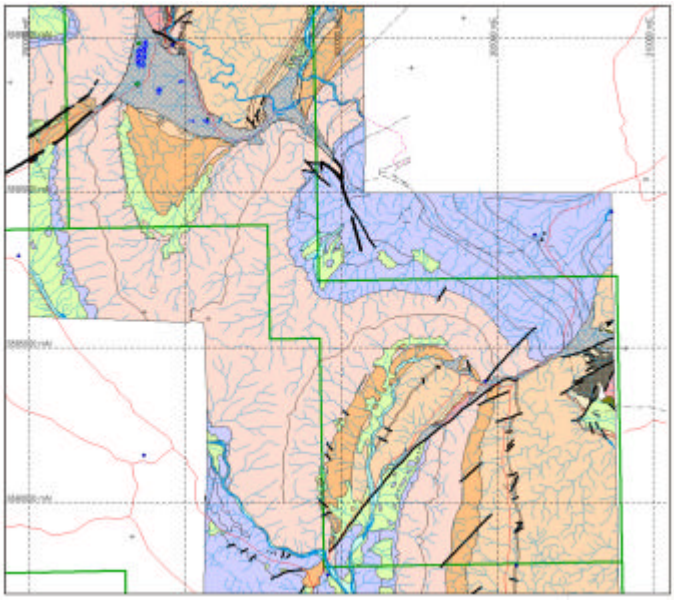


Figure 6: EL 3159, Regional Geology of Pinda Springs area. (After Narrina 1:100,000 Geology)

Western Victoria (Au, Cu)

As noted in the Company's ASX release of 18 April, drilling at the Glenlyle and Kalymna gold/copper project in western Victoria has been completed. The aim of the drilling was to test separate well defined anomalies with potential for porphyry copper style mineralisation and structurally controlled gold mineralisation. The tenements (ELs 4526 and 4621) cover approximately 55 sq km of strategic ground associated with the Moyston Fault Zone.

Reverse circulation drill holes KLYRC01 and 02 were paired to test results of reconnaissance air-core drilling conducted earlier by Marathon in this area of 1m @ 0.39g/t Au (MS3: 35-36m).

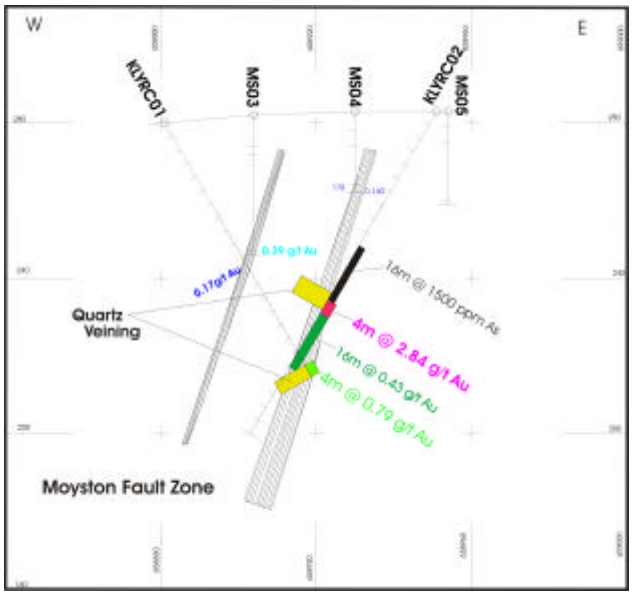


Figure 7: ELs 4526/4621, Kalymna/Glenlyle, section 5856400mN (MGA)

KLYRC01 was collared in the Cambrian Glenthompson Sandstone of the Glenelg Group and terminated within the Moyston Fault Zone due to drilling difficulties. KLYRC02 was collared in Mt Stavely Complex rocks which are sheared and altered and contain significant arsenopyrite adjacent to the Moyston Fault (Figure 7). KLYRC02 entered fresh Glenthompson Sandstone containing minor

disseminated pyrite to the east of the Moyston Fault. Both mineralized intersections occur in conjunction with strongly quartz veined zones interpreted to represent the Moyston Fault Zone.

Significant results were: KLYRC01– 72 to 76m: 4m @ 0.79 g/t Au;
KLYRC02– 56 to 76m: 20m @ 0.91 g/t Au (incl 56 to 60m 4m @ 2.84g/t Au)

Further details are contained in the Company's ASX release of 18 April 2006.

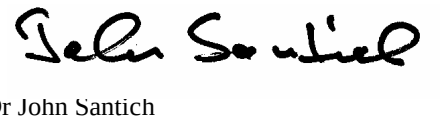
New Tenements

Over the past several months the Company has applied for a number of additional exploration licenses in South Australia, either to extend tenements to include promising ground outside existing tenement boundaries or to cover additional exploration targets. In this latter category were two tenements near Glendambo in the central Gawler Craton, to explore for uranium in the Kingoonya palaeochannel beyond that already covered by the Mulga Well tenement. Also in this category was the application over ground surrounding the old Wild Dog uranium mine, a primary uranium project in the Fleurieu Peninsula to the south of Adelaide.

All of these areas have now been offered to the Company. The area to the east of Coondambo, known as McDowell Hill, has been granted as EL 3474, while that to the north west, known as Bon Bon, has been offered, accepted and advertised, with the formal grant of the EL expected shortly. Most recently, the Wild Dog area has been offered and will be accepted, and there is no reason to expect that the grant of an EL will not follow.

The McDowell Hill and Bon Bon exploration licenses over the Kingoonya Palaeochannel System allow Marathon to expand its uranium interests with the potential for palaeo-channel related uranium mineralization in the area considered high.

The Wild Dog project, on the other hand, represents a primary uranium system hosted by the Barossa Complex, and some 346 tonnes of material averaging 0.36% U_3O_8 was extracted from a deposit of massive pitchblende during 1954-1955. The area surrounding the deposit remains essentially unexplored and has excellent exploration potential.



Dr John Santich
Chief Executive Officer

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Dr W Bogacz, a full time Executive Director of Marathon Resources Ltd and a Member of the Australian Institute of Geoscientists. Dr Bogacz has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person for the purposes of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bogacz consents to the inclusion in the report of these matters based on their information in the form and context in which it appears.

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