

Marathon Resources Ltd  
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**Thursday, 27 July 2006**  
**COMPANY ANNOUNCEMENTS OFFICE**  
**AUSTRALIAN STOCK EXCHANGE**  
**ASX CODE MTN**  
**QUARTERLY REPORT- SUMMARY**  
**1 APRIL 2006 – 30 JUNE 2006**

The logo for Marathon Resources Ltd features the word "MARATHON" in a bold, red, sans-serif font. Above the letter "A" in "MARATHON", there are three small orange and yellow flame-like shapes.

**SUMMARY OF KEY ACTIVITIES**

Exploration has advanced satisfactorily on all our existing tenements (Figure 1), and a number of new tenements (\* on Figure 1) have been granted to the Company during the quarter, which are yet to be assessed and explored. Exploration also included drilling in the Gawler Craton and field work in the Northern and Central Flinders Ranges.

A focus of this quarter's exploration was completing the work program on the Paralana Mineral System, particularly in the Mt. Gee region. Drilling produced results consistent with our mineralisation model.

Accordingly, the Mt. Gee deposit comprises an inferred resource of some 57 million tonnes of mineralisation at an average grade of 0.06% U<sub>3</sub>O<sub>8</sub> containing about 33,200 tonnes of uranium oxide.

Drilling as well as further work on evaluating a diversity of data across our other tenements continues in accordance with our tectogenetic mineralisation modelling approach.

**New Tenements**

We have applied for additional exploration licenses in South Australia, either to extend tenements or to cover additional exploration targets. These exploration licenses have now been granted.

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 WBogacz, 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.*

**Contact**

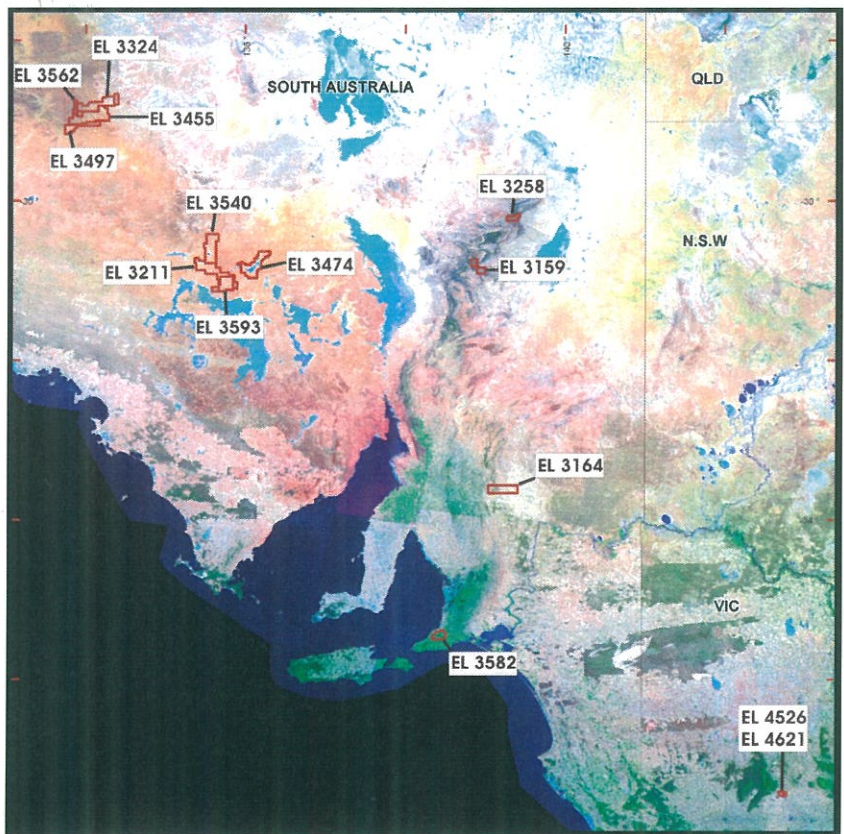
**Company**

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**Investor Relations**

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Mt Gee	EL 3258
Mabel Creek	EL 3324
Woorong Creek	EL 3455
Mulga Well	EL 3211
Coondambo	EL 3593
Pinda Springs	EL 3159
Mongolata	EL 3164
Kalymna	EL 4526
Glenlyle	EL 4621
McDowell Hill	EL 3474
Tallaringa	EL 3497
Bon Bon *	EL 3540
Myponga *	EL 3582
Paragon Bore*	EL 3562

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

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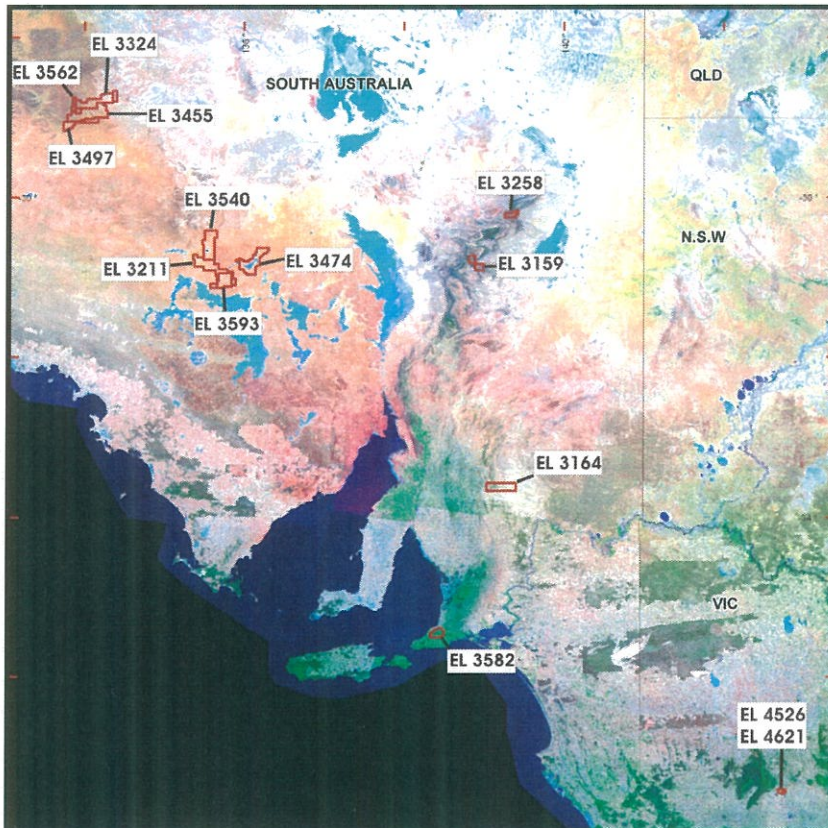
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ASX CODE MTN

QUARTERLY REPORT  
1 APRIL 2006 – 30 JUNE 2006

Marathon is pleased to present its activity report for the quarter ending 30 June 2006, during which exploration advanced on all of its tenements (Figure 1).

The focus of exploration during the quarter was on the completion of the work program on the Paralana Mineral System. Exploration activity also including drilling in the Gawler Craton and field work in the Northern and Central Flinders Ranges. A number of new tenements were granted to the Company during the quarter (\* on Figure 1).



Mt Gee	EL 3258
Mabel Creek	EL 3324
Woorong Creek	EL 3455
Mulga Well	EL 3211
Coondambo	EL 3593
Pinda Springs	EL 3159
Mongolata	EL 3164
Kalymna	EL 4526
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McDowell Hill	EL 3474
Tallaringa	EL 3497
Bon Bon*	EL 3540
Myponga*	EL 3582
Paragon Bore*	EL 3562

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

## Paralana Mineral System (Uranium)

The highlight of the quarter was the completion of the 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). The drilling program produced satisfying results that were consistent with Marathon's mineralisation model of the deposit.

Drilling at the Mt Gee deposit has been completed for the time being. Delays at the assay laboratories, beyond the control of the Company, have now been overcome and assay results from the current Mt Gee program were released on 11 May and 22 June 2006.

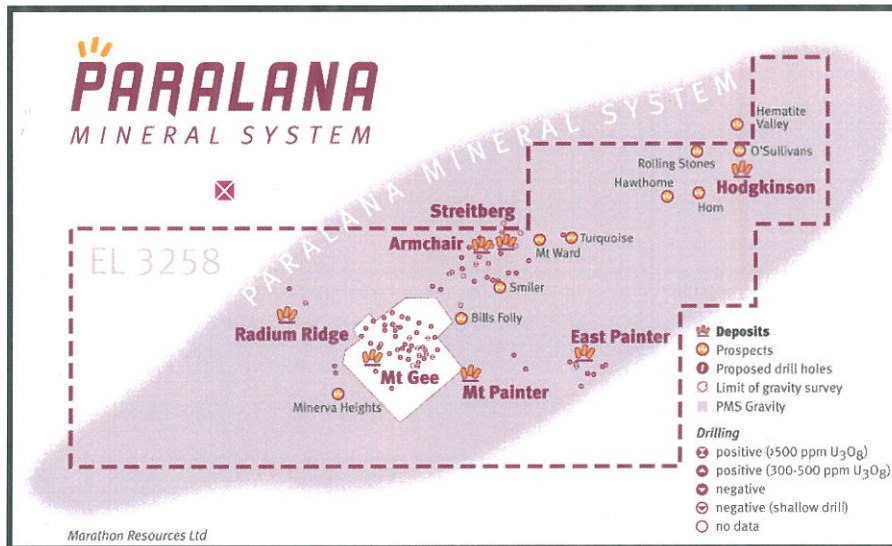


Figure 2: EL 3258, The Paralana Mineral System

The Mt Gee deposit in the south western 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 33,200 tonnes of uranium oxide.

Highlights of the additional assay data received are listed below:

Drillhole	Depth	Assay result
DD06MN10:	48 to 51m	3m @ 0.105% $U_3O_8$ (1.05kg/t)
DD06MN11:	167.8 to 169m 177 to 180m	1.2m @ 0.081% $U_3O_8$ (0.8kg/t) 3m @ 0.067% $U_3O_8$ (0.67kg/t)
DD06MN12:	118 to 121m 172 to 173m	3m @ 0.058% $U_3O_8$ (0.58kg/t) 1m @ 0.106% $U_3O_8$ (1.06kg/t)

As reported, the Company continues to review historical drill core and has identified haematitic breccia in drill core from Exoil diamond drill holes MP03, SR11C, AG31, AG08 and in CRA Exploration hole DD92GE49, the latter drilled in 1992 in the central eastern part of the Mt Gee deposit. The core from several of these holes had never been cut and assayed while assay results from others were not available. The Company has therefore proceeded to have the core cut and assayed, which has yielded significant uranium assay results. Significant results are set out below.

Drillhole	Depth	Assay result
DD92GE 49:	230 to 237m	7m @ 0.146% $U_3O_8$ (1.46kg/t)

Drill hole DD92GE49 is within the Mt Gee resource estimation area.

<i>Drillhole</i>	<i>Depth</i>	<i>Assay result</i>
SR11C:	44 to 46m	2m @ 0.097% U <sub>3</sub> O <sub>8</sub> (0.97kg/t).

Drillhole SR11C is within the Streitberg Ridge mineralisation.

<i>Drillhole</i>	<i>Depth</i>	<i>Assay result</i>
AG08:	36 to 45m	9m @ 0.179% U <sub>3</sub> O <sub>8</sub> (1.79kg/t), and
AG31:	37.05 to 39.5m	2.45m @ 0.092% U <sub>3</sub> O <sub>8</sub> (0.92kg/t).

Drillholes AG08 and AG31 are within the Armchair deposit which will be drilled in the forthcoming program.

<i>Drillhole</i>	<i>Depth</i>	<i>Assay result</i>
MP03:	20.2 to 22m	1.8m @ 0.098% U <sub>3</sub> O <sub>8</sub> (0.98kg/t).

Drillhole MP03 is from the East Painter mineralisation.

### **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 in the area have been granted.

Drillhole DD06MN14 was collared early May on the Coondambo tenement and completed to a depth of 404m in late May 2006. After being collared in Gawler Range Volcanics it remained within this unit to completion. The likely source of the geophysical anomaly being tested was a large shear and fault zone at approximately 200m filled with salt water. No sulphides or mineralisation were noted during logging other than the ubiquitous hematite coloration. Drillhole details are:

<i>HOLE-ID</i>	<i>MGA North</i>	<i>MGA East</i>	<i>RL</i>	<i>MAG AZI</i>	<i>DIP</i>	<i>Length</i>
DD06MN14	6561551	567823	144	0	-60	403.9

Assay results from the hole have not shown any anomalism. Marathon is reviewing the results of this drillhole to determine the next step in its exploration strategy at Coondambo.

Gravity surveys covering the north-western portion of the Mulga Well tenement have been completed and are being reviewed to identify potential targets.

### **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, with most emphasis on Mabel Creek.

A large gravity program was completed over the western portion of the Mabel Creek (EL 3324) tenement, and portion of the Paragon Bore tenement (EL 3562) which covers a selected part of the large Paragon Bore magnetic anomaly (Figure 3) in a tectonic setting controlled by a major northerly oriented fault structure.

Drilling of the M8 target in the south east of EL 3455 is scheduled to commence in early August.

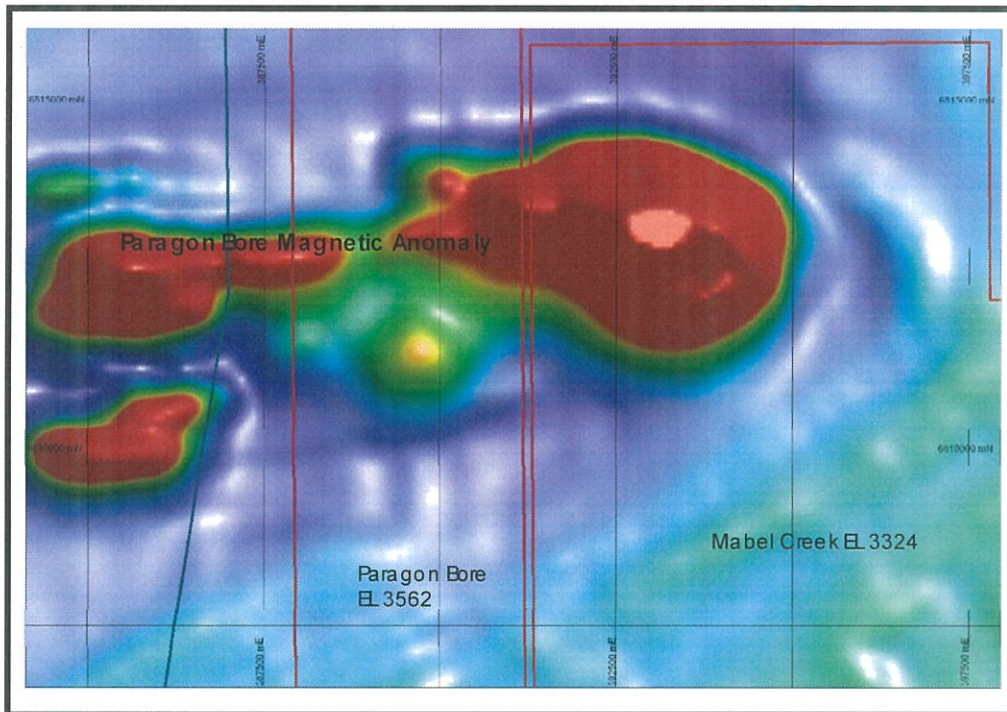


Figure 3: EL 3324 & 3562, showing the major Paragon Bore magnetic anomaly.

### 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.

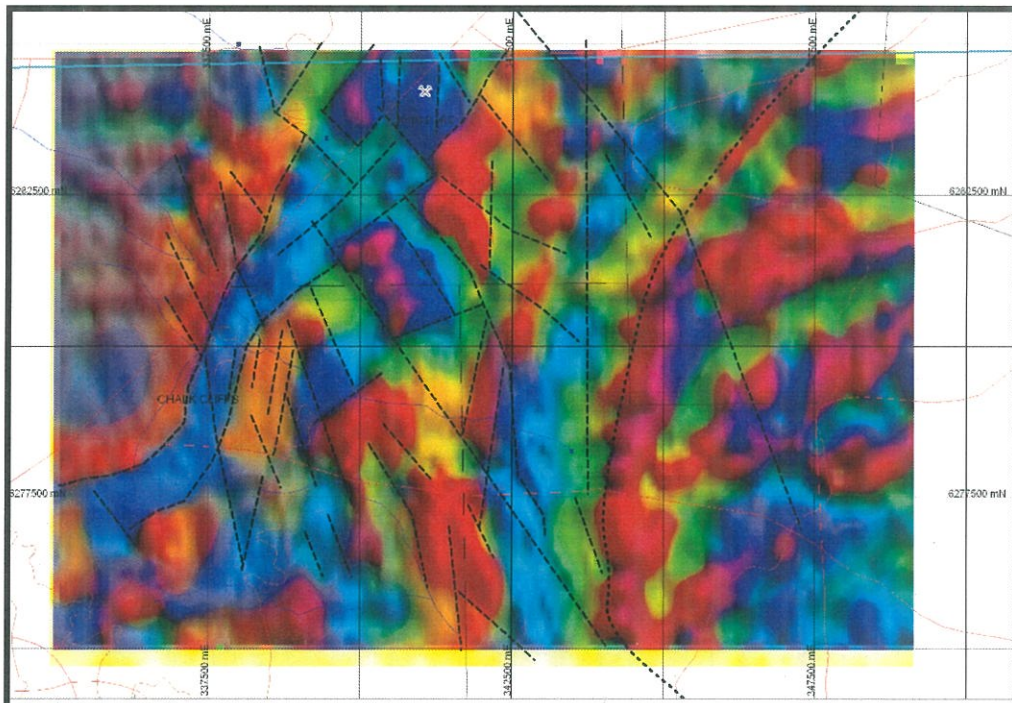


Figure 4: Portion of EL 3164, showing highly segmented nature of sequence within the White Dam Granite aureole.

The integration of magnetic and gravity data shows the area adjacent to the granitic intrusive to be highly segmented (Figure 4). The interpretation of the follow-up geochemical responses will need to accommodate this fracturing of the bedrock.

### **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 5.

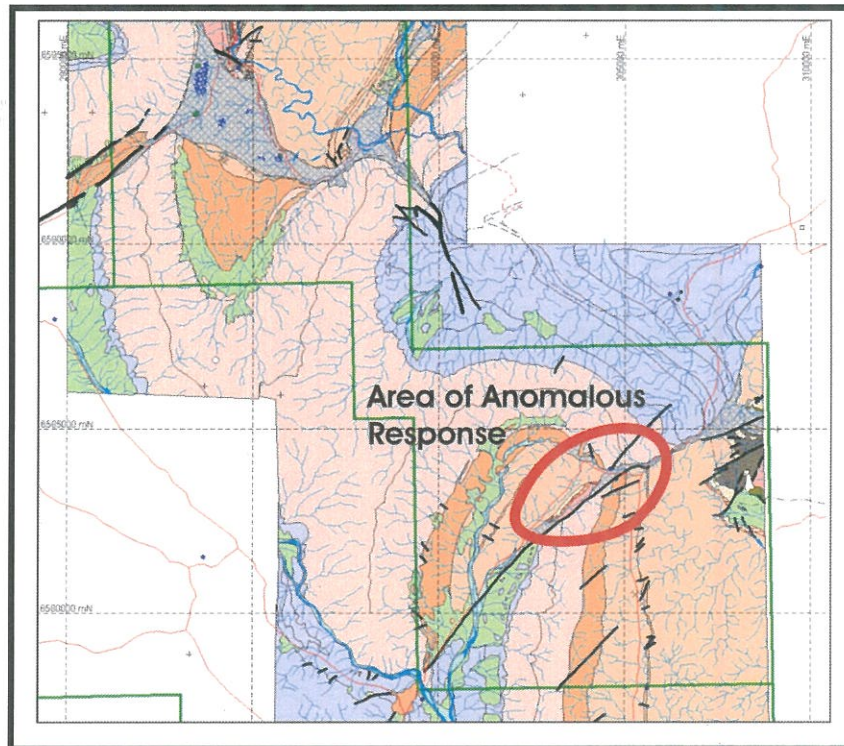


Figure 5: EL 3159, Regional Geology of Pinda Springs area showing area of anomalous geochemical responses. (After Narrina 1:100,000 Geology)

A coherent area of strongly anomalous stream sediment geochemistry has been outlined by sampling in the south-eastern portion of this tenement. Non-coincident values up to 3970ppm lead, 337ppb gold, 640ppm zinc, 533ppm antimony and 6ppm silver have been obtained from the sampling.

The area of the anomalous stream sediment samples was field inspected and additional samples were collected upstream of the anomalous sites; these have returned anomalous values of 1130ppm zinc and 266ppb gold. No obvious signs of mineralisation were noted.

The major aeromagnetic anomaly in the area will be reviewed and a recommendation with respect to suitability of a gravity survey in the area will be made.

### **Wild Dog Project (Uranium)**

The tenement covering the Wild Dog project (EL 3582) was granted during the quarter. The tenement includes the Wild Dog uranium mine which produced 346t @ 0.36%  $U_3O_8$  during 1954-55.

This was extracted from a deposit of massive pitchblende occurring in a primary uranium system hosted by the Barossa Complex units. The area surrounding the deposit remains essentially unexplored and has excellent exploration potential.

Most historical exploration data for the area has been captured and will be collated for entry into a GIS.

#### **New Tenements**

In previous months the Company had 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. These exploration licenses have now been granted.



Dr John Santich  
Chief Executive Officer

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#### **Contact**

#### **Company**

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Chief Executive Officer  
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#### **Investor Relations**

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Bourse Communications  
Telephone (03) 9510 8309 or 0408 670 706

# 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 2006

### 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	(675)	(2065)
(b) development		
(c) production	(179)	(1021)
(d) administration		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	94	235
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(760)</b>	<b>(2851)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	NIL	NIL
(b)equity investments	NIL	(31)
(c) other fixed assets	(42)	(101)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(42)</b>	<b>(132)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(802)</b>	<b>(2983)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(802)	(2983)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	2	3415
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other –Prospectus & Supplementary Prospectus		
	<b>Net financing cash flows</b>	2	3415
<b>Net increase (decrease) in cash held</b>			
		(800)	432
1.20	Cash at beginning of quarter/year to date	5000	3768
1.21	Exchange rate adjustments to item 1.20		
		4200	4200
1.22	<b>Cash at end of quarter</b>		

**Payments to directors of the entity and associates of the directors**

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	90
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

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

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
3.1 Loan facilities	NIL	NIL

+ See chapter 19 for defined terms.

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

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	NIL
<b>Total</b>		<b>300</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	13	145
5.2	Deposits at call	4187	4855
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>4200</b>	<b>5000</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NO CHANGES		
6.2	Interests in mining tenements acquired or increased	EL 3582 MYPONGA	0	100%
		EL 3562 PARAGON BORE	0	100%
		EL 3540	0	100%
		BON BON		

+ 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 <b>Preference securities</b> <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 <b>+Ordinary securities</b>	43,345,395	38,177,895		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000 NIL			
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	5,465,000 200,000 160,000	NIL NIL NIL	<i>Exercise price</i> 20¢ 20¢ 45¢	<i>Expiry date</i> 30.6.2009 30.6.2010 30.6.2010
7.8 Issued during quarter	NIL	NIL		
7.9 Exercised during quarter	10,000			
7.10 Expired during quarter	NIL	NIL		
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A	N/A		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	N/A			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date 27 July 2006

(Director/Company secretary)

Print name: S M Appleyard

## Notes

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

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+ See chapter 19 for defined terms.