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MARATHON



COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

GAWLER CRATON KINGOONYA PALAEOCHANNEL JOINT VENTURE

Marathon Resources Ltd advises that it has executed Joint Venture agreements with **UraniumSA Ltd**, an unlisted public company, for uranium exploration over three of Marathon's central Gawler Craton tenements. The arrangements, under negotiation since early April 2006, are conditional on UraniumSA completing a successful initial public offering (IPO) later this year.

The Joint Ventures with UraniumSA apply to Marathon's exploration tenure over the Kingoonya Palaeochannel System in the central Gawler Craton (Figure 1). The Mulga Well joint venture (EL 3211) covers palaeochannel uranium exploration only, with Marathon retaining the right to explore for all other minerals, while the Bon Bon & McDowell Hill joint ventures (ELs 3474 and 3540) allow UraniumSA to explore for all minerals.

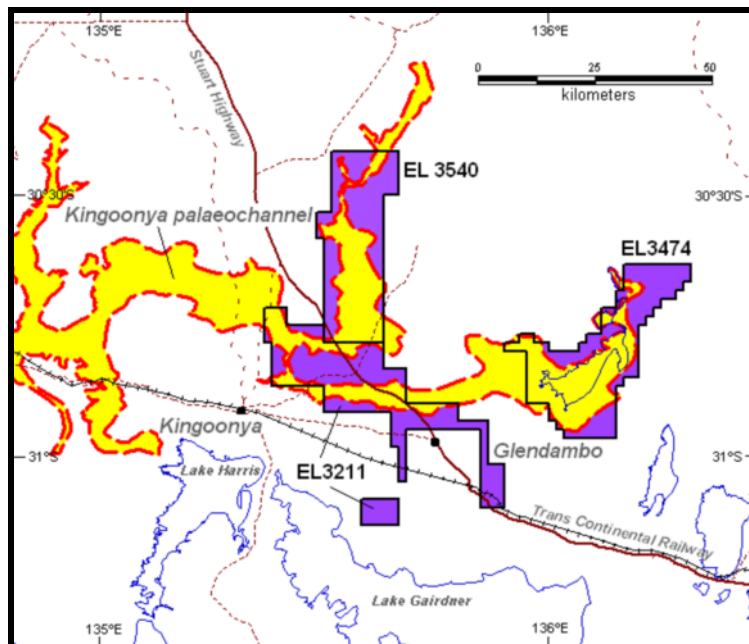


Figure 1: Marathon's tenement coverage of the Kingoonya Palaeochannel system

Uranium SA has negotiated uranium exploration rights over extensive tracts of the Kingoonya Palaeochannel, including areas held by ASX listed **Stellar Resources Ltd**. Through its retained joint venture interest in EL's 3211, 3474 and 3540, and through its shareholding in UraniumSA, Marathon will have exposure to uranium exploration over an extended portion of this area as well as other prospective areas of the State (Figure 2).

A prospectus for the offer of UraniumSA shares will be made available when the shares are offered. Any person seeking to acquire shares in UraniumSA, including Marathon shareholders, will need to complete the application form that will be in, or accompany the prospectus. Shareholders in Marathon will be entitled to priority in application for a pre-determined number of shares in UraniumSA's proposed IPO. Details will be provided in the UraniumSA Prospectus when it has been finalised and becomes publicly available.

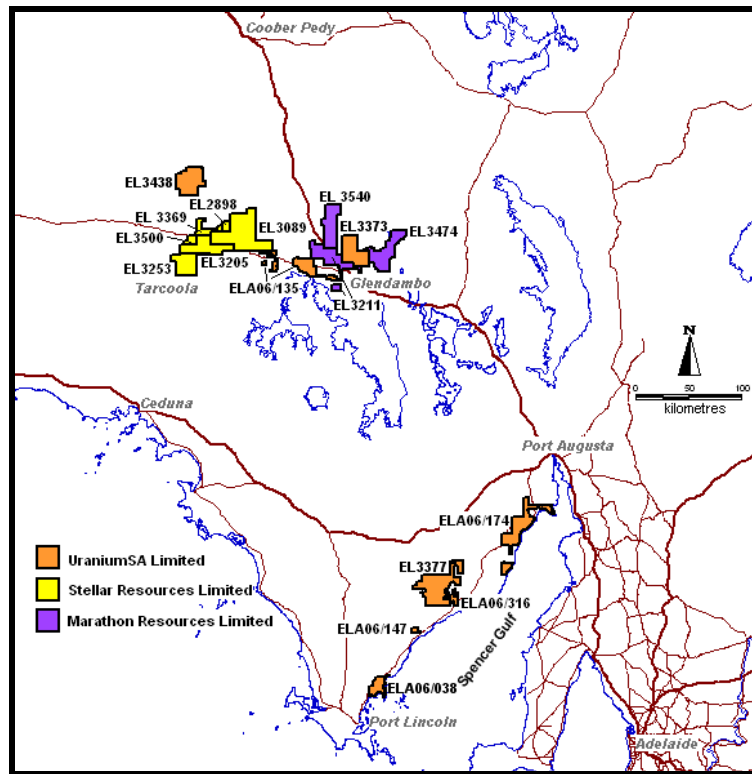


Figure 2: UraniumSA's tenement position in South Australia

Joint Venture Details

Under the Mulga Well Joint Venture (EL 3211) UraniumSA has sole rights to explore for palaeochannel uranium within the tenement, UraniumSA having 70% equity with Marathon's 30% free carried equity to the establishment of an (uranium) Indicated Resource (as defined in the JORC Code). Marathon retains an unencumbered 100% equity in all other minerals and will continue its exploration of the tenement for IOCG deposits.

Under the Bon Bon & McDowell Hill Joint Ventures (EL's 3474 and 3540) UraniumSA has 70% equity in all minerals, including uranium, with Marathon having a 30% free carried equity to the establishment of an Indicated Resource.

In consideration for entering into the Joint Ventures, Marathon will receive an agreed number of UraniumSA shares at IPO.

For Marathon and its shareholders, the benefits of the Joint Ventures and its collaboration with UraniumSA in its IPO include equity participation in a significantly enhanced coverage of the Kingoonya Palaeochannel System, well in excess of Marathon's existing land-holding over the system, and a Joint Venture partner focussed on the exploration of this system.

Focussed on the Gawler Craton, UraniumSA has collaborated with Marathon and Stellar to build a portfolio of quality exploration tenements and to establish a dominant tenure position over the highly prospective Kingoonya Palaeochannel System.

UraniumSA's Board comprises Tom Phillips (Chairman), former Chief Executive Officer of Mitsubishi Motors Australia Ltd, Russel Bluck (Executive Director), exploration geologist with a broad range of geotechnical and corporate consulting experience, and Alice McCleary (Director), Deputy Chancellor of the University of South Australia and a director of a number of companies.

UraniumSA is in the process of obtaining regulatory approvals for the transfer of tenements and registration of interests in tenements and is developing its prospectus. No date has been set for the completion of the prospectus, for meeting all regulatory requirements, or completion of the IPO.



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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