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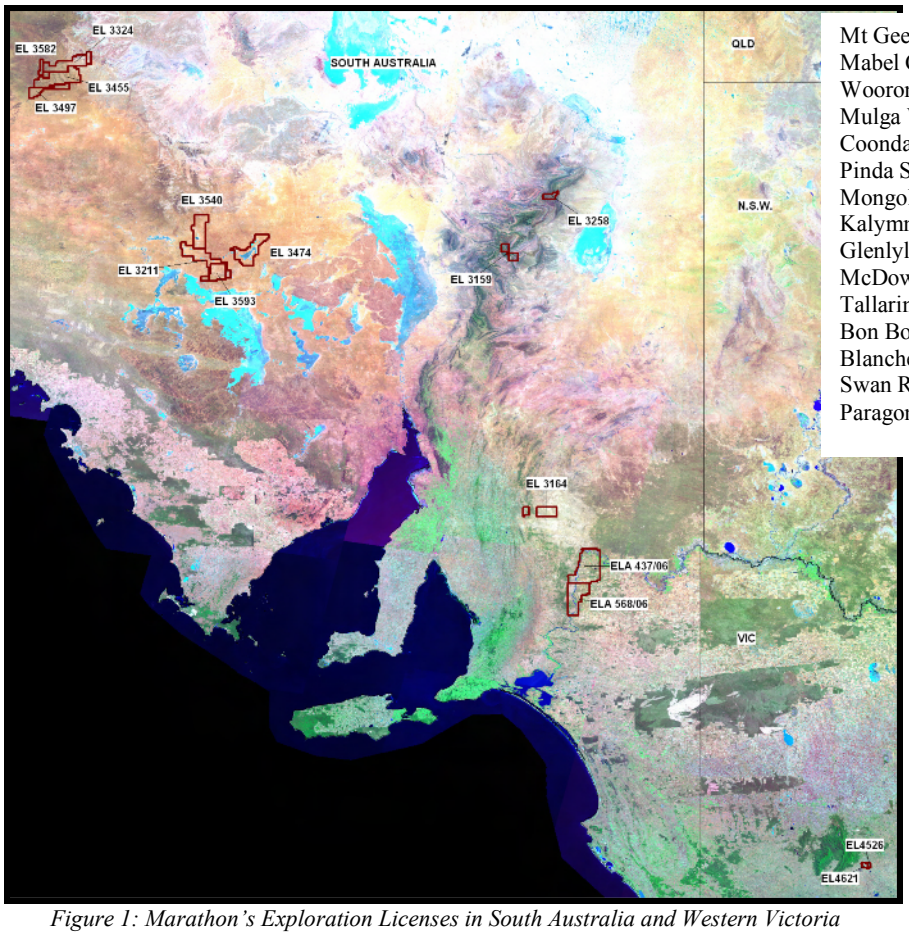
Monday, 29 January 2006

COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

QUARTERLY ACTIVITY REPORT
1 OCTOBER 2006 – 31 DECEMBER 2006

Marathon is pleased to present its activity report for the quarter ending 31 December 2006, during which resource drilling commenced at Mt Gee and exploration was conducted on almost all other tenements (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
Glenlyle	EL 4621
McDowell Hill	EL 3474
Tallaringa	EL 3497
Bon Bon	EL 3540
Blanchetown	ELA 437/06
Swan Reach	ELA 568/06
Paragon Bore	EL 3562

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

Again, the focus of activity during the quarter was the drilling program at Mt Gee in the Paralana Mineral System. Exploration activity also included the completion of drilling in the Gawler Craton and field work in the Northern and Central Flinders Ranges.

Two new tenements were acquired within the Murray Basin between Swan Reach and Waikerie; based on historical exploration data. This data indicated the presence of significant radiometric anomalism within shallow drill holes in the sediments.

Paralana Mineral System (Uranium)

The highlight of the quarter was the commencement of the new resource drilling program at Mt Gee, the Company's most advanced project. The 100% owned Paralana Mineral System of EL 3258 in the Northern Flinders Ranges of South Australia has now been shown to comprise one of the largest uranium mineral systems in Australia (Figure 2).

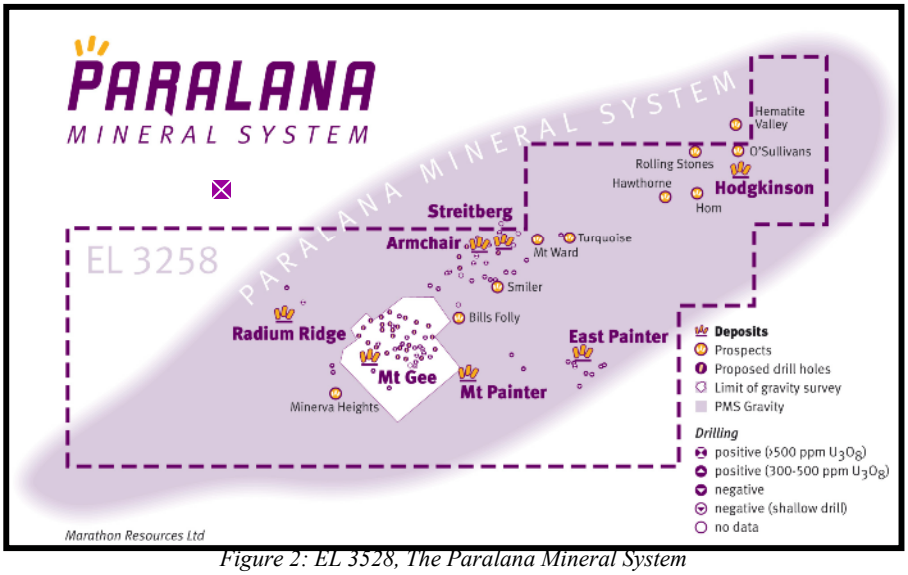


Figure 2: EL 3528, The Paralana Mineral System

The Mt Gee deposit alone contains an inferred resource of some 45.6 million tonnes of mineralisation at an average grade of 0.068% U_3O_8 (cutoff grade 300ppm) containing about 31,255 tonnes of contained U_3O_8. This overall tonnage includes:

- 25.4 million tonnes at 0.081% U3O8 for 20,573 tonnes U3O8 (cutoff 500ppm);
- 10.1 million tonnes at 0.133% for13,496 tonnes U3O8 (cutoff 1,000ppm).

The current drilling program has already produced satisfying results, consistent with Marathon's mineralisation model of the deposit. Initial results from down hole gamma logging of the first 13 holes drilled were reported on 9 January 2007, demonstrating the presence of high grade mineralisation and significant thickness of intersections. Highlights were:

RC06MN17:	98 to 128m:	30m @ 0.08% eU_3O_8
Including	*98 to 104m:*	*6m @ 0.15% eU_3O_8*
	114 to 118m:	*4m @ 0.22% eU_3O_8*
RC06MN21:	171 to 188m:	17m @ 0.07% e U_3O_8
Including	*171 to 179m:*	*8m @ 0.11% eU3O8*
RC06MN22:	153 to 230m:	77m @ 0.12% eU_3O_8
Including	*174 to 185m:*	*11m @ 0.16% eU_3O_8*
	204 to 208m:	*4m @ 0.19% eU3O8*
RC06MN25:	113 to 182m:	69m @ 0.07% eU_3O_8
Including	*117 to 182m:*	*5m @ 0.14% eU_3O_8*

As noted in the reporting of these results, it should be emphasised that these results are preliminary and the gamma logging will be confirmed by geochemical analysis. The drilling program, essentially as shown below, comprises 93 holes, sited so as to minimise the environmental impact of the program.

Upgrading of the resource from the inferred category to the indicated/measured category is a precursor to definition of an ore reserve. Closer spaced drilling allows confident definition of both mineralisation and lithologies which are key factors in resource definition.

Drilling at the Mt Gee deposit is continuing and samples (over 2,000 to date) have been dispatched to the assay laboratory for analysis. The proposed drill hole locations and orientations are shown in figure 3. Assay results will be released from time to time as they are received and assessed by the Company.

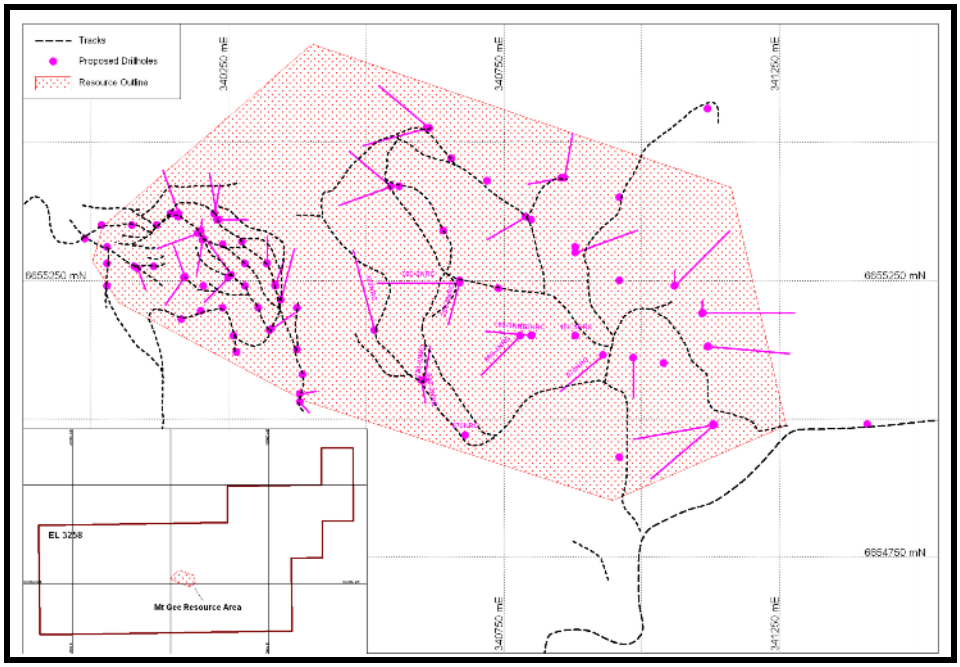


Figure 3: Proposed drill holes location towards indicated/measured resource of the Mt Gee deposit

As announced during the quarter, the Company commenced a scoping study to examine the potential for mining at Mt Gee. The scoping study is being carried out by Coffey Mining Pty Ltd, a subsidiary of ASX listed Coffey International, and commenced on 24 October 2006 with a team of four Coffey specialists flying to site with Marathon's executive directors.

The purpose of the study is to define the full range of mining and processing options available for the development of the Mt Gee deposit, and to consider all of the environmental and social issues which need to be managed to enable an acceptable operation with minimal negative impact. The initial stage of the study was carried out by mining, processing, hydrogeological and environmental experts, leading to definition and costing of the full scoping study which has now commenced.

Coffey Mining are leaders in mineral industry studies and will provide the Company with definitive guidelines for the timely development of the Mt Gee uranium resource. The scoping study will present a range of mining and processing options which will eventually be reduced for consideration at the pre-feasibility stage.

Marathon is acutely aware of its environmental and social responsibilities and this part of the scoping study is recognised as crucial and requiring attention at the earliest possible stage of the project. The Company is committed to exploration and mining with minimal environmental and social impact, recognising that its

social license to operate depends from the outset on maintaining an environmental and social balance that is as close to original as practicable.

Mining and processing at Mt Gee will require water and even at this early stage of resource definition Marathon is aware of the importance of scoping the water requirements of a potential operation. Coffey Mining will assess the hydrogeological environment and consider the full range of options available to Marathon for the development of a mine and for a sound level of production.

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. Following drilling at Coonambo the Company has carried out a reappraisal of the tenement and will be discussing a future work program with its joint venture partner early in 2007.

As noted in earlier public releases, palaeochannel uranium exploration over Mulga Well will be carried out by joint venture partner UraniumSA Ltd, following its successful listing on the ASX on 18 October last year. UraniumSA will also explore McDowell Hill and Bon Bon, ELs 3474 and 3540 respectively, for palaeochannel uranium as joint venturer and operator.

During the quarter UraniumSA completed conceptual design for exploration activities and held discussions and negotiations with airborne geophysical contractors. A contract was signed for airborne geophysics in early January and the area should be flown in February and March 2007. Flight lines are shown in Figure 4.

The company has completed gravity and geochemical coverage of the Mulga Well tenement (EL 3211) and has highlighted an area of U and rare earth anomalism along major structures identified from the aeromagnetic data. The geochemical anomalism occurs in conjunction with weak radiometric responses within the Pandunna Formation sediments.

This represents a significant target given the conceptual importance of the Pandunna Formation as being prospective for unconformity style mineralisation. Further work is required to define the target.

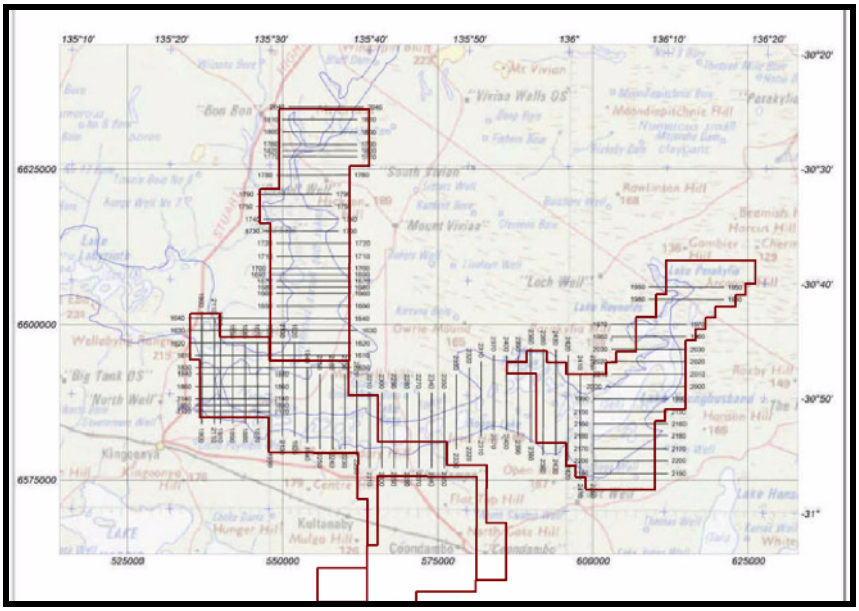


Figure 4:Kingoonya airborne survey plan (Courtesy UraniumSA, prepared by GPX).

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. During the quarter the Company carried out drilling operations at Mabel Creek with the results inconclusive. The exploration program is now being reassessed.

Three drill holes for a total of 1076m were completed to assess the M8 geophysical target. Only traces of sulphide mineralisation and silica alteration were found in all holes with a maximum value of 1150 ppm Cu being obtained from hole MN06WC03; this was not in association with the minor chlorite/hematite alteration which was only intersected in this hole.

Geophysical interpretation indicates that historical drilling within the Paragon Bore (figure 5) could have been more appropriately located as the anomaly is derived from a domal or layered structure with only the southern quadrant appearing to be prospective.

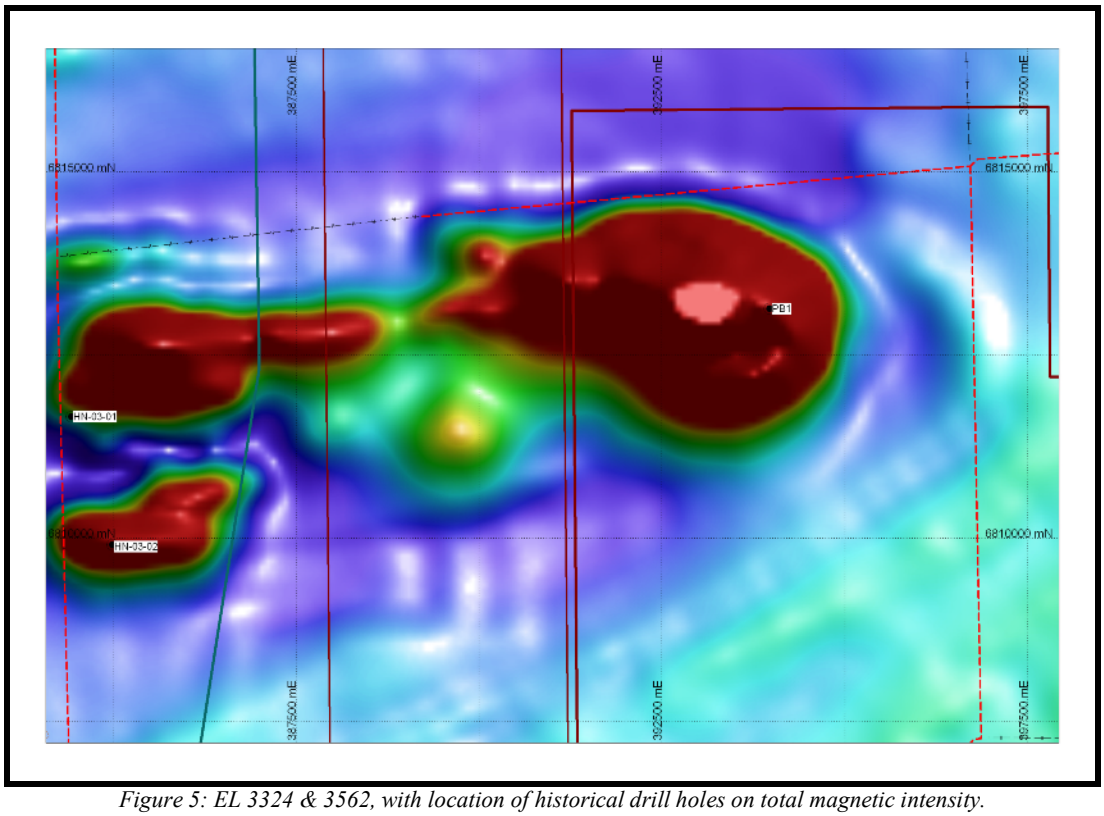


Figure 5: EL 3324 & 3562, with location of historical drill holes on total magnetic intensity.

Mongolata (Au, Au-Cu)

During the quarter calcrete geochemical sampling was completed at Mongolata (EL 3164), which 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. The Company is in the process of sourcing a drill rig to carry out a limited RC program to follow up on the coincident geochemical and geophysical targets. The proposed drilling program has received PACE funding.

Pinda Springs (Cu-Au, Zn-Pb)

Exploration continued at Pinda Springs (EL 3159), with the Company sourcing a drill rig to carry out a planned RC drilling in the coming quarter. The drilling will be target anomalies identified from magnetic and gravity data as well as the results of recent stream sediment sampling and follow-up soil sampling. The Pinda Springs regional geology is shown in Figure 6.

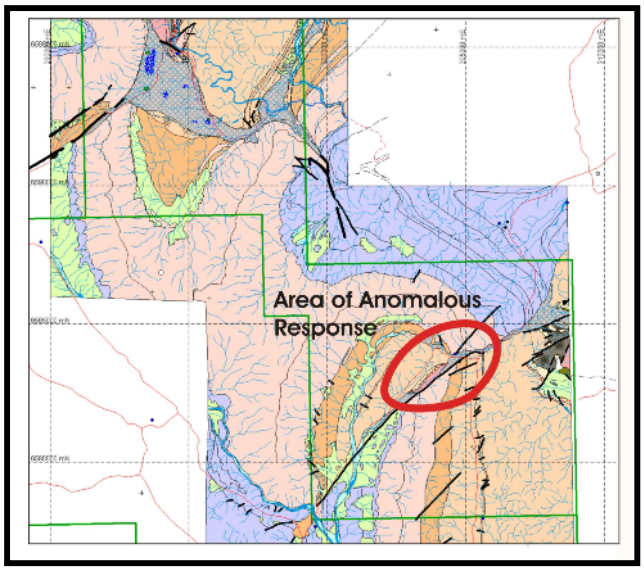


Figure 6: EL 3159, Regional Geology of Pinda Springs with area of anomalous geochemical responses. (After Narrina 1:100,000 Geology)

Western Victoria

Planning approvals are in place to undertake a 2000m air core drilling program early in the 3rd quarter. This program will try to expand the extent of the mineralised zone intersected in the RC drilling and identify more target zones along the Moyston Fault zone.

Myponga

During the quarter the Company held discussions with Minerals Division of Primary Industries South Australia (PIRSA) which led to an offer by the department to include research and exploration of the area surrounding the old the Wild Dog uranium mine in its own programs. Exploration of the exposed deposit and the surrounding area is an excellent opportunity to gain an understanding of this type of primary deposit, an opportunity not available elsewhere in South Australia where deposits are generally under cover.

Community concern at exploration in the area, more particularly driven by the concern that it might lead to mining, led to discussions with PIRSA and, eventually, to PIRSA deciding to carry out the exploration in its own right, in consultation with the Company. In those circumstances there seemed no benefit in continuing to hold the tenement and the Company relinquished the same.

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 Mr Allan Younger, Chief Geologist and full time employee of Marathon Resources Ltd, a Member of the Australasian Institute of Mining and Metallurgy. Mr Younger 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. Mr Younger 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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