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Marathon Resources Ltd
ABN 31 107 531 822
10 George Street
Stepney SA 5069
T 08 8366 2500
F 08 8362 5955
admin@marathonresources.com.au
www.marathonresources.com.au

MARATHON

**COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN STOCK EXCHANGE**

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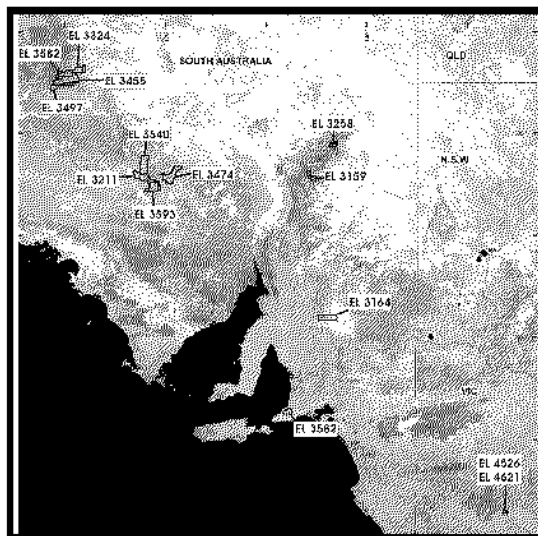
**QUARTERLY ACTIVITY REPORT
1 JULY 2006 – 30 SEPTEMBER 2006**

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

During the quarter, the Company carried on its business as usual and dealt with an unwanted takeover offer for all of the shares of the Company. During the quarter an upgraded resource estimate for Mt Gee (EL 3258) in the Northern Flinders Ranges was released as well as summary details of petrographic and ore genesis studies undertaken on drill core from the Mt Gee and other parts of the Paralana Mineral System.

Marathon's uranium deposit at Mt Gee is increasingly in the spotlight because of global demand for uranium and ensuing political debate. During the quarter, the Company progressed plans for the following:

- A detailed scoping study and further drilling to upgrade resource estimation.
- A pre-feasibility study and additional drilling on resource delineation.



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)

Encouraging results were obtained from work at Mulga Well, Mongalata, Pinda Springs. Marathon is continuously assessing its portfolio of tenements and investments. Drilling commenced at Woorong Creek near Coober Pedy and assay results are currently awaited.

The Company's joint ventures with UraniumSA were crystallised during the quarter and the UraniumSA listed on 18 October. The continuing interest in uranium has seen the float well supported and the Company believes that its joint ventures and direct shareholding in UraniumSA will be of benefit to shareholders.

The takeover offer of 15 August 2006 from Crosby Capital Partners Inc (via subsidiary Buttermere Pty Ltd) was firmly rejected by the Board and a Target Statement was sent to shareholders on 8 September 2006 advising shareholders that the offer of 68 cents per share for all of the issued capital of the company should be rejected. The Board believes that the offer does not reflect the potential of the Company.

Paralana Mineral System - uranium

Current Inferred Resources for the Mt Gee deposit using ordinary kriging with a Yamamoto correction are:

Cut Off Grade U ₃ O ₈	Inferred Resources	Average Grade U ₃ O ₈	Contained U ₃ O ₈	Contained U ₃ O ₈
300 ppm	45.6 Mt	0.68kg/t (1.50 lb/t)	31,255 tonnes	68.8 Mlb
500 ppm	25.4 Mt	0.81 kg/t (1.78 lb/t)	20,573 tonnes	45.3 Mlb
1000 ppm	10.1 Mt	1.33 kg/t (2.93 lb/t)	13,496 tonnes	29.7 Mlb

* 1kg/t=1,000ppm=0.1%

As noted earlier, plans are in place for a scoping study, the first phase of which commenced with a visit to site by leading consultants Coffey Mining Pty Ltd (subsidiary of ASX listed Coffey International Limited) on 24 and 25 October. Resource drilling is also about to commence in November, to upgrade the resource category from inferred to indicated or measured. The 20,000 metre drilling program will comprise some 93 holes, focussing on the Mt Gee deposit and its extensions to the east and south.

Glendambo – copper-gold-uranium

Drilling last quarter of an AMT anomaly at Coondambo (a joint venture with Platsearch NL) yielded no sulphides or other mineralisation other than hematite coloration. Since that time further geophysical and geochemical evaluation has been undertaken. The geophysical data from Coondambo, and that of adjacent Mulga Well (the latter showing a series of promising geophysical anomalies) is currently being reviewed to more precisely define potential targets.

Although the Company's interest is in hard rock exploration, there was obvious potential for a package of tenements in the area for focussed palaeochannel exploration. UraniumSA Ltd proposed that Marathon include its palaeochannel interests in a new company. This company would then raise funds to explore these tenements in conjunction with those it would acquire from other companies. This proposal came to fruition with the UraniumSA IPO, which was well supported leading to the listing of UraniumSA on 18 October 2006.

Cooper Pedy – copper-gold-uranium

Marathon's Cooper Pedy tenements, Woorong Creek and Mabel Creek respectively, are held through a joint venture with Minotaur Exploration Ltd. During the quarter, drilling commenced at Woorong Creek and assays are currently awaited. The drilling is testing coincident aeromagnetic and gravity anomalies which geophysical interpretation shows as having potential for mineralisation at medium depth. Drilling will be completed shortly and assay results should be available within four to eight weeks.

Mongolata – copper-gold

Exploration work during the quarter included calcrete and partial leach soil sampling to complement a gravity survey over the area. Soil sampling showed several areas of anomalous values. The integration of magnetic and gravity data shows the area adjacent to the granitic intrusive to be highly segmented. A drilling program is planned following interpretation of the geophysical and geochemical data.

Pinda Springs – copper-gold-lead-zinc

During the quarter stream sediment sampling and geological mapping of the south-eastern portion of the tenement was conducted. A coherent area of strongly anomalous stream sediment geochemistry has been outlined by sampling in the southeastern portion of the tenement. A geophysical review of the aeromagnetic survey data was conducted and further fieldwork conducted. A drilling program is being planned based on interpretations of the geophysical and geochemical data.

Western Victoria – gold-copper

A new drill program is being planned to test the gold discovery at the Company's Kalymna tenement in Western Victoria, where, reverse circulation drill holes KLYRC01 and 02 intersected anomalous gold mineralisation. The mineralized intersections of both KLYRC01 and KLYRC02 occur in conjunction with strongly quartz veined zones interpreted as representing the Moyston Fault Zone. Significant results included 4m @ 0.79 g/t Au (KLYRC01, depth 72 to 76m) and 20m @ 0.91 g/t Au (KLYRC02, depth 56 to 76m) including 4m @ 2.84g/t Au (depth 56 to 60m).

At nearby Glenlyle a geophysical program is being prepared to follow up on earlier drilling results. Although the returned copper and gold assay results were lower than expected, a further set of induced polarisation (IP) lines are proposed to allow a final assessment of the tenement.

Wild Dog Project – uranium-copper

Marathon applied for an exploration license surrounding the old Wild Dog uranium mine, some 10 km from Myponga. This disused mine represents a primary metalliferous deposit, a target of exploration interest across South Australia, particularly as recent research suggests that its host rocks (of the Barossa Complex Inlier) are the same age as the Mt Painter Inlier and may be western extensions of the Curnamona Craton. The Company sees this exploration as an important part of research into uranium exploration throughout the State. Exploration at Wild Dog will add to the overall knowledge base, not only of geology but of mineralising processes, the geometry, kinematics and tectonic settings of deposits, of mineral suites and of emplacement and transport mechanisms surrounding uranium deposits.

There has been some community concern expressed in relation to Marathon's exploration license. Marathon has no desire to explore where it has no exploration rights or where exploration would be disruptive to a community and will continue to consult with government and the community on the benefits of further research.



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.

Contact
Company
Dr John Santich
Chief Executive Officer
Telephone (08) 8366 2500

Investor Relations
Mr Rod North
Bourse Communications
Telephone (03) 9510 8309
Mobile 0408 670 706