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16 March 2007

MARATHON

By E-mail: ASX On-line

Manager Companies
Company Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam

ASX Code MTN
Interim Financial Report

Please find attached the Company's Interim Financial Report for the period ending 31 December 2006, in accordance with its reporting obligations.

Yours faithfully

Sam Appleyard
Company Secretary

Marathon Resources Limited

Interim Financial Report

31st December 2006

MARATHON

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ACN 107 531 822
10 George Street
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The directors present their report on Marathon Resources Ltd for the half year ended 31st December 2006 and the state of the affairs of the Company at that date.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors
Persons who have been Directors in the Company during or since the end of the half year are:

Peter Williams BEc FCA
Chairman (non-executive)
Appointed 21st May 2004

John Santich
BE MEngSc PhD DipLaw MSocSc
Chief Executive officer
Appointed 28th January 2004

Wieslaw Bogacz Msc Eng PhD Eng
Executive Director
Appointed 28th January 2004

Denis Wood
Director (non-executive)
Appointed 29th November 2006

Chen Zeng
Director (non-executive)
Appointed 27th December 2006

William Latimer LLB
Director (non-executive)
Appointed 28th January 2004
Retired 29th November 2006

Stuart Appleyard LLB
Director (non-executive)
Appointed 28th January 2004
Retired 27th December 2006

Secretary
Stuart Appleyard LLB
Appointed 28th January 2004

Review of Operations

Directors are pleased to present their report for the half year ending 31 December 2006.
The focus of activity during the period was drilling 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.
The 100% owned Paralana Mineral System of EL 3258 in the Northern Flinders Ranges of South Australia has now been shown to comprise of one of the largest uranium mineral systems in Australia.
The current drilling programme has already produced satisfying results as detailed in periodic ASX announcements and Quarterly reports.
Upgrading of the resources from inferred category to the indicated/measured category is a precursor to definition of an ore reserve.
Drilling at the Mt Gee deposit is continuing for this purpose; Assay results will be released from time to time as they are received and assessed by the Company.

Review of Operations (con't)

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. 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.

Marathon is acutely aware of its environmental and social responsibilities and this part of the scoping study is recognized as crucial and requiring attention at the earliest possible stage of the project.
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 2006. UraniumSA will also explore MacDowell Hill and Bob Bon, ELs 3474 and 3540 respectively, for palaeochannel uranium as a joint venturer and operator.

It is with great pleasure that the board confirms the appointment of Mr Denis Wood and Mr Chen Zeng representatives of the Talbot Group and Citic Australia respectively to whom the Company made placements, in aggregate of 6,500,000 shares raising $ 7,150,000 during the half year under review.

The Director's 2006 Annual report made reference to the Crosby Capital Partners Inc (Crosby) take over bid for 100% of the issued shares of the Company. Crosby have extended the bid on a number of occasions and it is now scheduled to expire on 4th May 2007. In the period under review the Company has incurred take over defence costs of $ 394,102 as noted in the Consolidated Interim Income Statement. On 13 March 2007 Crosby filed a variation to its bid to increase the bid price to $3.52 cash per Marathon share.

Auditor's independence

The auditors independence declaration is included on page 6 of the half year financial report.

Proceedings

The Company has not been party to any legal proceedings during the half year. Directors are not aware of any proceeding initiated or contemplated against or on behalf of the Company during the period.

Peter Williams
Director

John Santich
Director

Dated this 15th *day of* March *2007*

The Directors declare that:

In the opinion of the directors of the company:

1. The financial statements and notes, as set out on pages 9 to 30, are in accordance with the Corporations Act 2001 including:

   (a) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Peter Williams
Director

John Santich
Director

Dated in Adelaide, South Australia this
15th *day of* March *2007*

Chartered Accountants and Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MARATHON RESOURCES LIMITED & CONTROLLED ENTITY**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marathon Resources Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

P S PATERSON
Partner

Signed at Wayville this 15 day of March 2007

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Grant Thornton South Australian Partnership ABN 27 244 906 724

Chartered Accountants and Business Advisers

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF MARATHON RESOURCES LIMITED & CONTROLLED ENTITY

Scope

Report on the financial report

We have reviewed the accompanying interim financial report of Marathon Resources Limited and Controlled Entity, which comprises the consolidated interim balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the Financial Report

The directors' of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report in not presented fairly, in all material respects, in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As auditor of Marathon Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Marathon Resources Limited is not in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

iii. other mandatory professional reporting requirements in Australia.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

P S PATERSON
Partner

Signed at Wayville this 15 day of March 2007

CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE HALF YEAR ENDED 31ST DECEMBER 2006

	Notes	*Consolidated Entity* *31 December 2006 $*	*31 December 2005 $*
Revenue	3	977,247	90,712
Depreciation		(27,067)	(13,547)
Exploration Expenses - Current		(33,474)	(17,383)
- Previously Capitalised		(69,503)	-
Employee Benefit Expenses		(229,250)	(255,515)
Occupancy Expenses		(25,003)	(23,061)
Share based payment expenses		(1,574,530)	(52,000)
Consulting expense		(187,713)	(46,877)
Travel expense		(78,466)	(73,440)
ASX listing and registry expenses		(70,075)	(34,558)
Corporate administration	3	(242,153)	(144,833)
Take over defence costs		(394,102)	-
Profit (Loss) before income tax expense		(1,954,089)	(570,502)
Income Tax	3a	(18,000)	-
Profit (loss) after income tax expense		(1,972,089)	(570,502)
Net Profit (Loss) attributable to the members of Marathon Resources Ltd		(1,972,089)	(570,502)
Earnings per share			
Basic (cents per share)		(4.5)	(1.5)
Diluted (cents per share)		(4.5)	(1.5)

The Income Statement is to be read in conjunction with the condensed notes to the Consolidated Interim Financial reports set out on pages 13 to 30

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31ST DECEMBER 2006

	Notes	*Consolidated Entity* 31 December 2006 $	30 June 2006 $
CURRENT ASSETS			
Cash at Bank	13a	8,574,136	4,200,484
Trade and Other Receivables	4	54,007	36,047
Other Current Assets	4a	270,000	-
Total Current Assets		8,898,143	4,236,531
NON-CURRENT ASSETS			
Property, Plant & Equipment	5	182,485	184,989
Financial Assets	6	1,430,069	-
Exploration & Evaluation costs	7	3,672,634	2,221,703
Total Non-Current Assets		5,285,188	2,406,692
TOTAL ASSETS		14,183,331	6,643,223
CURRENT LIABILITIES			
Trade and Other Payables	8	565,564	307,801
Short Term Provisions	14	23,124	15,277
Total Current Liabilities		588,688	323,078
NET ASSETS		13,594,643	6,320,145
EQUITY			
Issued Capital	9	15,460,585	8,344,585
Reserves	9a	2,207,987	77,400
Retained Losses	10	(4,073,929)	(2,101,840)
TOTAL EQUITY		13,594,643	6,320,145

The Balance Sheet is to be read in conjunction with the condensed notes to the Consolidated Interim Financial reports set out on pages 13 to 30

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR 31ST DECEMBER 2006

	Notes	Issued Capital	Retained Losses	Share Option Reserve	Financial Asset Revaluat'n Reserve	Total
Balance at 01/07/2005		4,832,684	(647,573)			4,185,111
A-IFRS Adjustment		11,618	(11,618)			-
Shares Issued		5,000				5,000
Option Issues				52,000		52,000
Loss attributable to members of parent Company			(570,502)			(570,502)
Balance at 31/12/2005		4,849,302	(1,229,693)	52,000		3,671,609
Balance at 01/07/2006		8,344,585	(2,101,840)	77,400		6,320,145
Share Issues net of transaction costs		7,116,000				7,116,000
Option issues/exercised	9a			1,574,530		1,574,530
Financial assets revaluation					556,057	556,057
Loss attributable to members of parent Company			(1,972,089)			(1,972,089)
Balance at 31/12/2006		15,460,585	(4,073,929)	1,651,930	556,057	13,594,643

The Statement of Changes in Equity is to be read in conjunction with the condensed notes to the Consolidated Interim Financial reports set out on pages 13 to 30

CONSOLIDATED INTERIM CASH FLOW STATEMENT
AS AT 31ST DECEMBER 2006

	Notes	Consolidated Entity 31 December 2006	31 December 2005
Cash flows from operating activities			
Interest and Sundry Income Received		103,235	90,712
Payments to suppliers & employees		(1,282,586)	(570,423)
Net cash provided by (used in) operating activities	13(b)	(1,179,351)	(479,711)
Cash flows from investing activities			
Purchase of plant & equipment	5	(24,563)	(25,507)
Payment for exploration activities		(1,520,434)	(687,325)
Payment for investment option		-	(30,869)
Net cash provided by (used in) investing activities		(1,544,997)	(743,701)
Cash flows from financing activities			
Proceeds from issue of shares	9	7,158,000	5,000
Payment of expenses of the issue of shares		(60,000)	-
Net cash provided by (used in) financing activities		7,098,000	5,000
Net (decrease) / increase in cash held		4,373,652	(1,218,412)
Cash at the beginning of the half year		4,200,484	3,828,512
Cash at the end of the half year	13(a)	8,574,136	2,610,100

The Cash Flow Statement is to be read in conjunction with the condensed notes to the Consolidated Interim Financial reports set out on pages 13 to 30

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Reporting entity

Marathon Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2006 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at 10 George Street, Stepney SA.

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report as at and for the year ended 30 June 2006.

Accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30th June 2006.

a) Principles of Consolidation

A controlled entity is any entity of which Marathon Resources Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

The controlled entities are disclosed in Note 17 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Consistent accounting principles are employed in the preparation and presentation of the consolidated financial statements.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (con't)

b) Income Tax

Current tax
The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred

income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the condition of deductibility imposed by the law.

Tax consolidation
The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. Marathon Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax- consolidated group).

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the separate tax payer within the group approach.

c) Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (con't)

Depreciation

The depreciable amount of all fixed assets is calculated on a straight-line basis over the useful life of those assets to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-33%
Office equipment	10-20%
Motor vehicles	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

d) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (con't)

e) Financial Instruments (con't)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

g) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the economic entity's interest are shown at Note 11.

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interest in joint venture entities are brought to account using the cost method.

h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet where applicable.

k) Revenue

Interest revenue is recognised on an accrual basis.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (con't)

l) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

m) Comparative Figures

Unless otherwise required by an accounting standard comparative information is disclosed in respect of the previous corresponding period, including for narrative and descriptive information. To the extent that items are amended or reclassified comparative amounts are also amended or reclassified. Prior period errors are retrospectively corrected in the next financial report following discovery.

n) Share Based Payments

The Company issues shares and options from time to time for no consideration. Equity-settled share based payments issued after 1st January 2005 are measured at fair value at the date of grant. Fair value is determined by the use of a binomial model. The fair value is fully expensed on a straight line basis by the date of vesting.

NOTE 2 – COMPARATIVES AND NOTES

The half year financial report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

NOTE 3 – REVENUE AND EXPENSE FROM OPERATIONS AND OPERATING ACTIVITIES

	Notes	*Consolidated Entity* 31 December 2006 $	31 December 2005 $
Consideration for entering Joint Venture	6	874,012	-
Interest		103,235	90,712
Corporate expenses include:			
Administration Accounting and Auditing		20,175	18,881
Computer costs		4,262	33,055
Insurance		29,829	16,689
Communication costs		14,346	13,558
Printing, office supplies		22,932	18,784
Public relations		56,782	-
Legal fees		28,058	-

NOTE 3a – INCOME TAX

	Consolidated Entity	
	31 December 2006 *$*	*31 December 2005* *$*
(a) Income tax recognised in profit or loss		
Current tax expense/(income)	18,000	-
Total tax expense/(income)	18,000	-
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:		
Profit/(loss) from continuing operations	(1,954,089)	(570,502)
Income tax expense/(income) calculated at 30%	(586,227)	(171,150)
Non-deductible expenses	474,037	16,073
Non recognised temporary differences	(1,968)	(1,968)
Movement in recognised tax assets and liabilities	(334,743)	(215,728)
(Over)/under provision of income tax in previous years	-	-
	18,000	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

NOTE 3a – INCOME TAX (con't)

	Assets		Liabilities		Net	
	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $
(b) Recognised tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Consolidated						
Share issue expenses	144,776	111,200	-	-	144,776	111,200
Takeover defence costs	106,407	-	-	-	106,407	-
Exploration and evaluation expenditure	-	-	1,089,092	319,109	(1,089,092	(319,109)
Trade and other payables	5,698	8,331	-	-	5,698	8,331
Employee benefits	6,937	10,588	-	-	6,937	10,588
	263,818	130,119	1,089,092	319,109	(825,274)	(188,990)
Less temporary differences not recognised	5,902	9,837	-	-	5,902	9,837
	257,916	120,282	1,089,092	319,109	831,176	198,827
Tax value of losses carried forward	1,807,765	731,016	-	-	1,807,765	731,016
Tax (assets/liabilities)	2,065,681	851,298	1,089,092	319,109	976,589	532,189
Set off of tax losses	2,065,681	851,298	(1,089,092)	(319,109)	(976,589)	(532,189)
Net tax (assets/liabilities)	-	-	-	-	-	-

NOTE 3a – INCOME TAX (con't)

Unrecognised deferred tax assets:
Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2006	*2005*
	$	*$*
Tax losses – revenue	745,613	113,264
- capital	85,563	85,563
Temporary differences	5,902	9,837

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from them.

	Balance 1 Jul 2006	Recognised in Income	Recognised in Equity	Balance 31 Dec 2006
	$	$	$	$
(c) Movement in temporary differences during the year				
Deferred tax assets and liabilities are attributable to the following:				
Consolidated				
Share issue expenses	151,484	-	(6,708)	144,776
Takeover defence costs	-	106,407	-	106,407
Exploration and evaluation expenditure	(651,870)	(437,222)	-	(1,089,092)
Trade and other payables	5,103	595	-	5,698
Employee benefits	4,583	2,354	-	6,937
	(490,700)	(327,866)	(6,708)	(825,274)
Less temporary differences not recognised	7,870	(1,968)	-	5,902
	(498,570)	(325,898)	(6,708)	(831,176)
Tax value of losses carried forward	1,340,864	466,901	-	1,807,765

NOTE 3a – INCOME TAX (con't)

	Balance 1 Jul 2005 $	Recognised in Income $	Recognised in Equity $	Balance 31 Dec 2005 $
(c) Movement in temporary differences during the year (con't)				
Deferred tax assets and liabilities are attributable to the following:				
Consolidated				
Share issue expenses	127,086	-	(15,886)	111,200
Exploration and evaluation expenditure	(113,597)	(205,512)	-	(319,109)
Trade and other payables	5,464	2,867	-	8,331
Employee benefits	7,785	2,803	-	10,588
	26,738	(199,842)	(15,886)	(188,990)
Less temporary differences not recognised	11,805	1,968	-	9,837
	14,933	(197,874)	(15,886)	(198,827)
Tax value of losses carried forward	358,242	372,774	-	731,016

NOTE 4 – TRADE AND OTHER RECEIVABLES

	Consolidated Entity 31 December 2006 $	*Consolidated Entity* 30 June 2006 $
GST Recoverable	50,959	35,122
Other debtors	3,048	925
	54,007	36,047

NOTE 4a – OTHER CURRENT ASSETS

	Consolidated Entity 31 December 2006 $	*Consolidated Entity* 30 June 2006 $
Drilling expenses advance to contractor	270,000	-
	270,000	-

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity	
	31 December 2006 *$*	*30 June 2006* *$*
Plant and equipment, office equipment and vehicles at cost	252,610	228,047
Less Accumulated Depreciation	(70,125)	(43,058)
Total Plant and Equipment	182,485	184,989
Movement		
Balance at 1 July 2006	184,989	121,543
Additions	24,563	101,842
Disposals	-	-
Depreciation	(27,067)	(38,396)
Carrying amount at 31st December 2006	182,485	184,989

NOTE 6 – FINANCIAL ASSETS

	Notes	*Consolidated Entity*	
		31 December 2006 *$*	*30 June 2006* *$*
Shares in UraniumSA Ltd	3, 9a	1,430,069	-

UraniumSA Ltd allotted 4,370,061 ordinary shares at an issue price of 20 cents each fully paid on listing on 18th October 2006.
Shares are subject to ASX Escrow conditions for 2 years from listing

UraniumSA Ltd
The company has 4,370,061 escrowed ordinary shares*

Issue date	18/10/2006
Escrow period	18/10/2008
At Balance Date	31/12/2006
Days remaining in escrow	657 days

ASX market value per share at 31st December 2006	$ 0.44	
Total value	$ 1,900,977	
	7%	5%
Discounted valuation is between	$ 1,683,007	$ 1,741,146

As the shares are subject to the escrow period a marketability discount approximating the volatility factor should be applied (19.72%). As a consequence the fair value of the shares would be in the range of: $ 1,405,786 $ 1,454,351

Mid $ 1,430,069

NOTE 7- EXPLORATION AND EVALUATION COSTS

	Consolidated Entity 31 December 2006 $	Consolidated Entity 30 June 2006 $
Exploration and Evaluation Costs	3,894,507	2,443,576
Less Provision for Impairment	(221,873)	(221,873)
Total Exploration and evaluation Costs	3,672,634	2,221,703
Movement		
Balance at 1 July 2006	2,221,703	406,654
Exploration and evaluation Additions	1,520,434	2,036,922
Exploration and evaluation Expensed	(69,503)	-
Impairment	-	(221,873)
Closing balance	3,672,634	2,221,703

The ultimate recoupment of costs carried forward is dependant upon the successful development and/or commercial exploitation or alternatively, sale of respective area of interest. For details of the Company's interests in Joint Ventures, refer to Note 11.

NOTE 8 – PAYABLES

	Consolidated Entity 31 December 2006 $	Consolidated Entity 30 June 2006 $
Trade Payables	490,688	239,870
Other payables	53,284	46,722
Accrued commitments	21,592	21,209
	565,564	307801

NOTE 9 - ISSUED CAPITAL

	Consolidated Entity 31 December 2006 $	30 June 2006 $
Fully paid ordinary shares	15,460,585	8,344,585

Fully paid ordinary shares entitle the holders to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. On a show of hands every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Movements in ordinary share capital

	31 December 2006		30 June 2006	
	Number	$	Number	$
Balance at beginning of period	43,345,395	8,344,585	37,810,395	4,832,684
Issued at 20 cents (22/12/05)			25,000	5,000
Issued at 66 cents (21/03/06)			5,500,000	3,630,000
Issued at 20 cents (05/04/06)			5,000	1,000
Issued at 20 cents (09/05/06)			5,000	1,000
Issued at 20 cents (07/12/06) Exercise of options	40,000	8,000		
Issued at 110 cents (29/11/06) Placement	3,250,000	3,575,000		
Issued at 110 cents (22/12/06) Placement	3,250,000	3,575,000		
	49,885,395	15,502,585	43,345,395	8,469,684
Less share issue and capital raising expenses (net of tax)	-	(42,000)	-	(125,099)
Balance at period end	49,885,395	15,460,585	43,345,395	8,344,585

Options
Half Year 31 December 2006

	30 Jun 2006	Granted	Exercised	Expired	31 Dec 2006	Exercise Price	Expiry Date
1 Options Issued for consideration	5,465,000	-	-	-	5,465,000	20 cents	30/06/09
2 Options Issued pursuant to employee share option plan for no consideration							
Granted 31 Dec 2005 The exercised options were exercised on 07/12/06	200,000		40,000		160,000	20 cents	30/06/10
Granted 31 Mar 2006	160,000				160,000	45 cents	30/06/10
Granted 16 Nov 2006 Options granted to executive directors following approval of shareholders at 2006 AGM	-	3,000,000			3,000,000	118 cents	30/06/11

NOTE 9a – RESERVES

	Consolidated Entity	
	31 December 2006 $	*30 June 2006 $*
Share Option		
1 July 2006	77,400	-
Add share based payment expense		
On grant of 360,000 options to staff	-	77,400
On grant of 3,000,000 options to executive directors	1,580,930	-

Fair value of options granted
The assessed fair value at grant date of options granted during the half-year ended 31st December 2006 was 53 cents per option. The fair value at grant date is in dependently determined using Black-Scholes options pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share and the risk fee interest rate from the term of the option.
The model inputs for options granted during the half-year ended 31st December 2006 include:

a) options granted for no consideration have a four year and seven month life.
b) exercise price: $ 1.18
c) grant date: 16th November 2006
d) expiry date: 30th June 2011
e) share price at grant date: $ 1.18
f) expected price volatility of the company's shares: 40%
g) risk free interest rate: 5.6%

The expected price volatility is based on the historic volatility (based on the remaining life of the options) adjusted for any expected changes to future volatility due to publicly available information.

On exercise of 40,000 options	(6,400)	-
Balance 31st December 2006	1,651,930	77,400
Financial Asset Revaluation		
1 July 2006		
Shares allotted by listed company UraniumSA Ltd at issue price (cost)	874,012	
Increment on revaluation of shares to fair value at balance date	556,057	
31st December 2006	1,430,069	

NOTE 10 – ACCUMULATED LOSSES

	Consolidated Entity *31 December 2006* *$*	*30 June 2006* *$*
Opening balance	(2,101,840)	(647,573)
Net loss	(1,972,089)	(1,454,267)
Accumulated losses at 31st December 2006	(4,073,929)	(2,101,840)

NOTE 11 – Tenements and Joint Ventures

The Company's interests in tenements and unincorporated joint venture operations at the date of this report are as follows:

Project	Tenement	Commodity	Consolidated Entity 31 December 2006 $	30 June 2006 $
100% Interest South Australia				
Pinda Springs	EL 3159	Base Metals, Copper, Gold	69,479	46,539
Mongalata	EL 3164	Gold, Copper	231,786	48,585
Mt Gee	EL 3258	Uranium, Rare earths	2,564,374	1,746,471
Talaringa	EL 3497	Uranium, Copper, Gold	1,965	1,677
Paragon Bore	EL 3562	Uranium, Copper, Gold	13,181	1,700
Myponga	EL 3582	Uranium, Copper, Gold	-	2,599
Joint Ventures South Australia				
Mulga Well	EL 3211	IOCG, Copper, Gold, Uranium	78,715	60,992
Mabel Creek	EL 3324	IOCG, Copper, Gold, Uranium	111,034	81,760
Woorong Creek	EL 3455	IOCg, Copper, Gold, Uranium	435,972	67,546
MacDowell Hill	EL 3474	Uranium, Copper, Gold	-	3,026
Bon Bon	EL 3540	Uranium, Copper, Gold	-	2,886
Coondambo	EL 3593	IOCG, Copper, Gold, Uranium	211,852	200,720
Victoria				
Kalymna	EL 4526	Gold	88,257	85,119
Glenlyle	EL 4621	Gold, Copper	73,562	73153
			3,880,177	2,422,773
Application Monies for Grants of New Tenements			582	-
Accrued commitments			13,748	20,803
Total exploration costs			3,894,507	2,443,576
Less provided for impairment			(221,873)	(221,873)
Carrying value of exploration costs Per Note 7			3,672,634	2,221,703

NOTE 11 – Tenements and Joint Ventures (con't)

Interests in unincorporated joint venture operations at the date of this report were as follows:

Name of entity	Principal activity	Joint Venture Partner	December 2006	December 2005
Mabel Creek*	Mineral exploration	Minotaur Exploration Ltd	51%	51%
Woorong Creek*	Mineral exploration	Minotaur Exploration Ltd	51%	51%
Bon Bon**	Mineral Exploration	Uranium SA Ltd	30%	-
MacDowell Hill**	Mineral Exploration	Uranium SA Ltd	30%	-
Mulga well**	Mineral Exploration	Uranium SA Ltd	30%	-
Coondambo***	Mineral exploration	Platsearch NL	50%	50%
Kalymna***	Mineral exploration	PS & GF Forwood	90%	90%
Glenlyle***	Mineral exploration	PS & JA Forwood	90%	90%

The company's interest in the unincorporated joint ventures are earned pursuant to agreements providing for minimum exploration expenditures over defined time lines.

* Joint venture operations with Woorong Creek and Mabel Creek are subject to the Company spending a total of $1 million on exploration of the tenements by 18th March 2007.
** The Company's interest in these JV's is free carried. All expenditures are to be met by the JV partner
*** The Company meets all exploration costs of these JV's.

NOTE 12 – COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

Exploration Expenditure Commitments

The Company has certain statutory obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

The terms of the current and future joint ventures, grant of new licences and changes to existing licences will impact on the Company's expenditure commitments.

Total annual expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	At 31 December 2006 $	*At 30 June 2006 $*
Not longer than 1 year	1,109,000	932,400
Longer than 1 year and not longer than 5 years	635,000	50,000

These are maximum commitments that will vary depending on future decisions on tenement management.

NOTE 13 – NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 31 December 2006 $	*Consolidated 31 December 2005 $*
Cash on hand	500	500
Cash at call	97,832	164,777
Cash on short term deposit	8,475,804	2,444,823
	8,574,136	2,610,100

b) Reconciliation of loss from operating activities after related income tax to net cash flows from operating activities.

	Consolidated 31 December 2006 $	*Consolidated 31 December 2005 $*
(Loss) from ordinary activities after income tax	(1,972,089)	(570,502)
Non cash income:		
Joint Venture fee	(874,012)	-
Non-cash operating expenses:		
Depreciation	27,067	13,547
Exploration costs previously capitalized	69,503	-
Leave provision	7,847	9,342
Share based payments expenses	1,574,530	52,000
Income tax attributable to capital raising expenses	18,000	-
	(1,149,154)	(495,613)
(Increase) / Decrease in receivables	(17,960)	(35,511)
(Increase) / Decrease in prepayments	(270,000)	-
Increase / (Decrease) in suppliers and other creditors	257,763	51,413
Net Cash provided by (used in) operating activities	(1,179,351)	(479,711)

NOTE – 14 – SHORT TERM PROVISIONS

	Consolidated 31 December 2006 $	*Consolidated 30 June 2006 $*
Number of Employees	3	2
Annual leave provision:		
Balance 1 July 2006	15,277	25,951
Accrued	7,847	8,236
Paid	-	(18,910)
Balance at 31 December 2006	23,124	15,277

NOTE 15 – SEGMENT INFORMATION

The consolidated entity operates in the mining and exploration industry in Australia.

NOTE 16 – MATTERS SUBSEQUENT TO END OF THE HALF YEAR

There has not been matter or circumstance unless referred to in the financial statements or notes thereto, that has arisen since the end of the half year that had significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in the remainder of, and future financial year(s).

NOTE 17 – CONTROLLED ENTITIES

Entities	Country of Incorporation	Class of Shares	Interest Held Dec 2006	Interest Held June 2006
Bonanza Gold Pty Ltd	Australia	Ordinary	100%	100%

NOTE 18 – KEY MANAGEMENT PERSONNEL COMPENSATION

The Directors of Marathon Resources Ltd during the half year ended 31st December 2006 were

Name	Position	Appointed	
Peter Williams	Chairman (non-executive)	21/05/2004	
John Santich	Chief Executive Officer	28/01/2004	
Wielsaw Bogacz	Executive	28/01/2004	
William Latimer	Non-executive	28/01/2004	Retired 29/11/2006
Stuart Appleyard	Non-executive	28/01/2004	Retired 27/12/2006
Denis Wood	Non-executive	29/11/2006	
Chen Zeng	Non-executive	27/12/2006	

Key management personnel in the Half Year was

Stuart Appleyard	Secretary

NOTE 18 – KEY MANAGEMENT PERSONNEL COMPENSATION (con't)

Director's and Officers remuneration

December 2006

	Director Fees	Salary	Superannuation	Options	Total
PL Williams	25,000		2,250		27,250
J Santich				790,465	790,465
W Bogacz				790,465	790,465
D Wood					
C Zeng					
S Appleyard	15,000		1,350		16,350

December 2005

	Director Fees	Salary	Superannuation	Options	Total
PL Williams	14,583		1,337		15,920
J Santich		68,333	6,150		74,483
W Bogacz		68,333	6,150		74,483
D Wood					
C Zeng					
S Appleyard	10,835		975		11,810

Director's and Officers interest in Shares and Options

	Ordinary Shares				Options			
	Direct		Indirect		Direct		Indirect	
	Dec 06	Jun 06	Dec 06	Jun 06	Dec 06	Jun 06	Dec 06	Jun 06
PL Williams				70,000			1,000,000	1,000,000
J Santich	10,000	10,000	2,080,000	2,080,000			2,000,000	500,000
W Bogacz	30,000	30,000	2,180,000	2,180,000			2,000,000	500,000
D Wood			136,364					
C Zeng								
S Appleyard			910,000	910,000			1,525,000	1,525,000

Additionally Mr Appleyard's interest in a Service Trust entitlement at 31st December was; shares nil (23,256 30/06/2006) and options 9,300 (9,300 30/06/2006)