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COMPANY ANNOUNCEMENTS OFFICE  
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

QUARTERLY REPORT  
1 SEPTEMBER 2005 – 31 DECEMBER 2005

Marathon is pleased to present its activity report for the quarter ending 31 December 2005. During the quarter exploration advanced on most of the Company's tenements (Figure 1). Emphasis was again on the Paralana Mineral System, while exploration activity over other tenements of the Company's portfolio continued at a lower level.

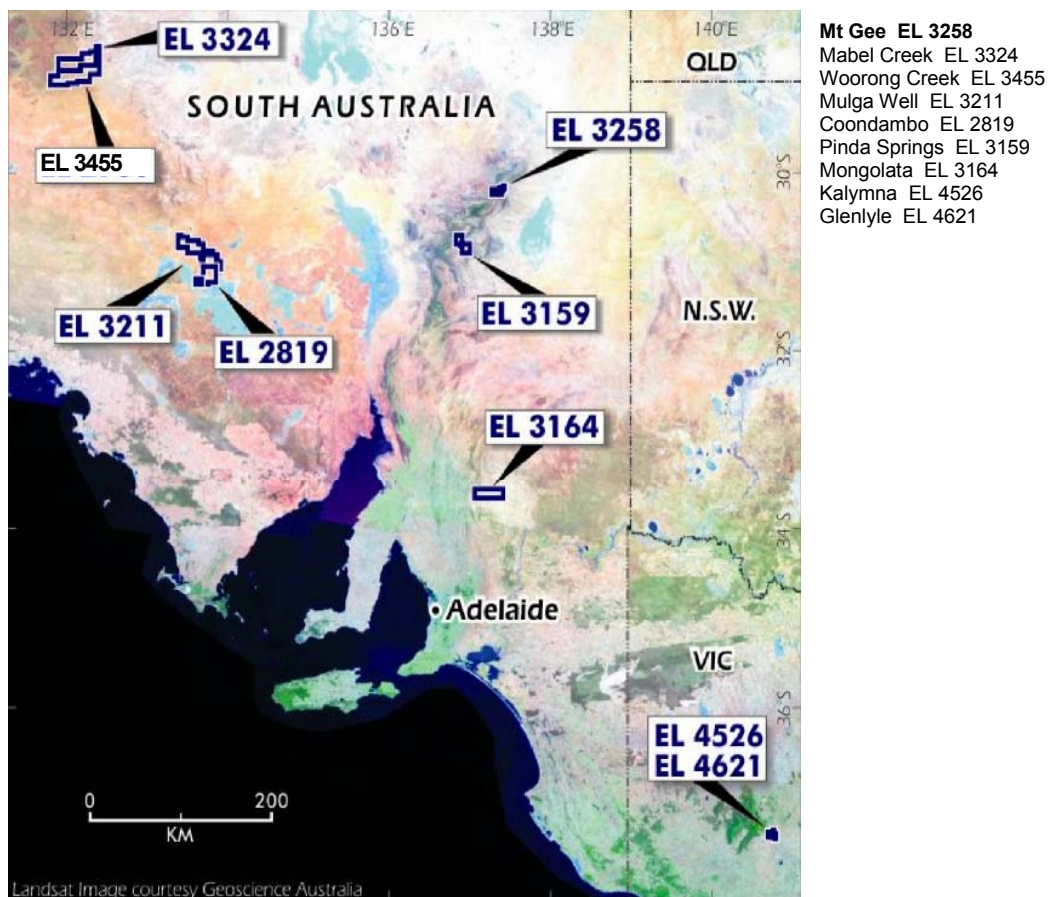


Figure 1: Marathon's Exploration Licenses in South Australia and Western Victoria

The highlight of the quarter was the commencement of 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).

## Paralana Mineral System (U, REE, Polymetallic)

During the quarter drilling began at the Hodgkinson deposit, with the first four diamond holes of the current program of drilling completed immediately prior to the Christmas break. Assays were received during December and January and the results have been the subject of a separate release to the ASX on 19 January 2006.

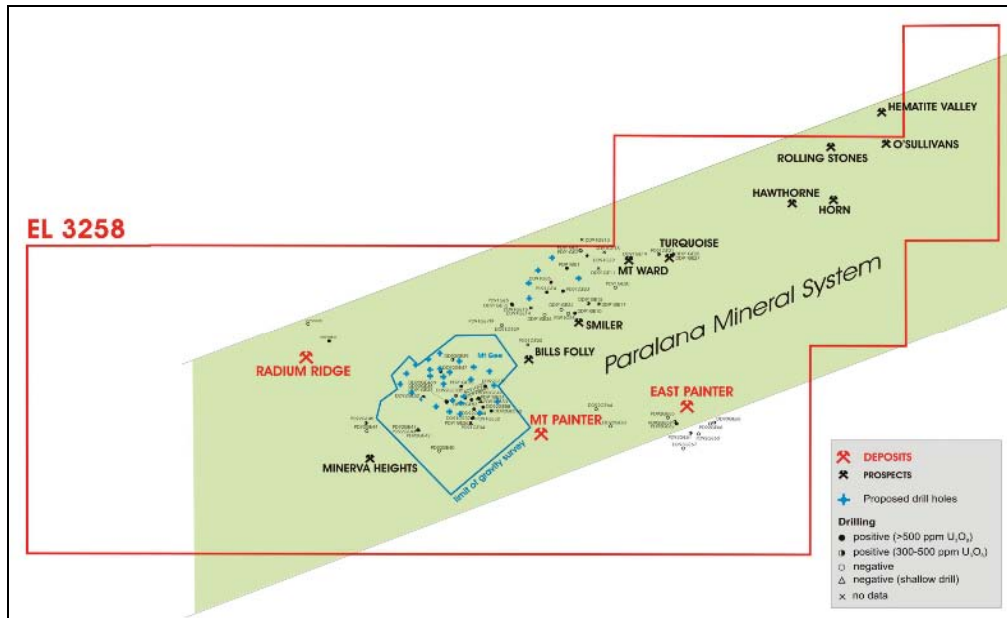


Figure 2: The Paralana Mineral System within EL 3258

The results confirmed structural controls on mineralisation and the nature of the Hodgkinson deposit as relatively high grade (12 m @ 0.465% including 1m @ 0.97% U<sub>3</sub>O<sub>8</sub>, DD05MN04; 51 m to 63 m), in comparison with other known deposits of the Paralana Mineral System. Current drilling also confirms previous explorers' open hole results, which can now be viewed with confidence. Preparation of a model of the deposit, incorporating previous open hole drilling as well as that of Marathon, is in process.

Since the end of the quarter drilling at Hodgkinson has continued and is now almost completed, with assays pending. The UDR650 crawler mounted drill rig will shortly relocate to the Mt Gee deposit, for which Marathon has reported an Inferred Resource of 57 million tonnes of mineralisation averaging 0.06% U<sub>3</sub>O<sub>8</sub>, containing some 33,000 tonnes of U<sub>3</sub>O<sub>8</sub>.

## Coober Pedy (OD style Cu-Au-U)

The Company's Woorong Creek and Mabel Creek tenements near Coober Pedy are held through a joint venture with Minex (SA) Pty Ltd a wholly owned subsidiary of Minotaur Exploration Ltd. The Company carried out exploration over both tenements during the quarter year, with most emphasis on Woorong Creek.

Electrical geophysical traverses are in process over the drill targets at Woorong Creek, and these will continue into the 3rd (March) quarter. The purpose of the geophysics is to refine the drill targets designated M8, MC5 and PER3, preparatory to drilling now scheduled for the 4th (June) quarter.

During the quarter an application was made for ground to extend the Company's coverage of the Paragon Bore anomaly. This is located on the eastern edge of the present Woorong Creek tenement, and was examined by previous explorers with limited success. A significant target, not tested by previous explorers, has been identified by Marathon, and will be the subject of geochemical and geophysical assessment prior to drilling.

### **Glendambo (OD style Cu-Au-U)**

The Company's tenements at Glendambo are Coondambo, held through a joint venture with Platsearch NL, and Mulga Well, 100% owned by Marathon. The Company carried out exploration over both tenements during the quarter, with most emphasis on Mulga Well.

Exploration and drilling at Glendambo have been delayed due to the emphasis on the Paralana Mineral System and the difficulty in sourcing a second drill rig. However, a geophysical review has been completed by Adelaide Mining Geophysics and it is anticipated that drilling will now take place in the 4<sup>th</sup> (June) quarter when Marathon's Gawler Craton drilling campaign is planned.

### **Mongolata (Au, Au-Cu)**

Exploration work was initiated at Mongolata during the quarter. 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. A geophysical review was completed and a 14 km geochemical evaluation traverse undertaken. Regional geochemical traverses were also initiated over an 8km x 8km target area with a view to defining drilling targets. Since the end of the quarter encouraging results have been received, with three anomalous areas present which are coincident with geophysical anomalies.

### **Pinda Springs (Cu-Au, Zn-Pb)**

Little work was carried out at Pinda Springs during the quarter. Field work has been scheduled for the 3<sup>rd</sup> (March) quarter.

### **Western Victoria (Au)**

Drilling will commence as soon as a drill rig becomes available. In the meantime, further geochemical traverses have been carried out. Results are now to hand and preliminary examinations indicate further confirmation of the selected drill targets.



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