

Wednesday, 1 June 2005

MARATHON

COMPANY ANNOUNCEMENT

RELEASE TO AUSTRALIAN STOCK EXCHANGE

THE PARALANA ORE SYSTEM (EL 3258): DRILL HOLE MTG01 DEMONSTRATES 636M OF CONTINUOUS URANIUM MINERALISATION AT MT GEE DEPOSIT

Marathon today released results of analysis of a 636 metre diamond hole MTG01 at Mt Gee uranium deposit drilled by its subsidiary company in late 2002 to test a conceptual exploration target. The Mt Gee deposit is part of a major uranium-rare earth (REE) ore system, named by Marathon the **Paralana Ore System**, located within the Company's 100% owned EL 3258 (Figure 1). This is the **deepest** hole drilled within this tenement and the core had not previously been comprehensively cut or assayed for uranium and related elements.

The Mt Gee deposit of the Paralana Ore System (POS) was discovered in the late 60's. Initially the deposit was owned and evaluated by a consortium led by Exoil and then by CRAE, and more recently by Goldstream.

Drill hole MTG01 intersected predominantly highly altered granite/haematite breccia, which hosts most of the uranium mineralisation.

Assay results indicate that significant uranium content extends over at least 636m from surface to end-of-hole, confirming Marathon's **working model** that the ore system is extensive and open at depth.

Three distinct mineralised zones are identified:

- From 19.4m to 75m - 55.6m @ 0.10kg/t U₃O₈,
Including 48.3m to 50.2m - 1.9m @ 0.26kg/t U₃O₈,
72.3m to 75m - 2.7m @ 0.26kg/t U₃O₈.
- From 116.5m to 161.6m - 45.1m @ 0.11kg/t U₃O₈,
Including 116.5m to 118.3m - 1.8m @ 0.24kg/t U₃O₈,
132.7m to 134.8m - 2.1m @ 0.21kg/t U₃O₈.
- From 455.1m to 579.1m - 124m @ 0.11kg/t U₃O₈,
Including 455.1m to 459.4m - 4.3m @ 0.32kg/t U₃O₈,
487.8m to 491.1m - 3.3m @ 0.28kg/t U₃O₈,
573.4m to 579.1m - 5.7m @ 0.31kg/t U₃O₈.

There is strong correlation between the deepest mineralised zone and the CSAMT anomaly determined by Marathon's geophysical survey (Figures 2 and 3). The MTG01 assay results indicate continuity of uranium mineralisation and its propagation not only on or near surface but also with depth. The depth potential has not been tested by previous owners of the EL 3258.

The MTG01 drill results are consistent with those of an adjacent hole DD91GE33 drilled earlier by CRAE, which intersected 65.1m @ 1.3kg/t (from 216m to 281.1m) including 8m @ 3.3kg/t U₃O₈ (Figure 2).

Additionally, assay results demonstrate intensive REE (Ce-La) mineralisation over the length of the MTG01 hole with increase of grade within the same uranium enriched zones (Figure 4). These results are consistent with the results of CRAE drilling at Mt Gee deposit, which indicated intensive mineralisation (eg. DD92GE46A: 95.8-101.56; 5.8m @ 3722ppm Ce+La combined) and now the REE potential is the subject of the Company's further examination.

The data from MTG01 is consistent with the advanced Mt Gee deposit modelling and 3D model for the POS currently being developed by Marathon in conjunction with European consultants. The model for the overall POS includes seven known deposits being Mt Gee (the most advanced exploration and resource deposit), Radium Ridge, Mt Painter, Painter East, Armchair, Streitberg and Hodgkinson (Figure 1). The model which is expected to be completed in July or August 2005 aims to achieve integration of all historic drill data, including that of Exoil (625 holes), CRAE (69 holes) and Goldstream (7 holes).

Past extensive exploration and evaluation work was undertaken by Exoil to define a range of 3.8-5.3 million tonnes of uranium mineralisation with a grade range of 1.0kg/t - 1.2kg/t U₃O₈ (2.2lb - 2.8lb) per tonne within the Paralana Ore System.

Based on the model being generated, Marathon is preparing its own JORC compliant resource estimation for each of the deposits within the POS. This will require further drilling in some areas of the historically defined mineralisation and new conceptual targets, generated with the application of the 3D deposit/ore system model and Marathon's tectogenetic interpretation applied in advanced exploration strategy.

At 30 May 2005, the spot price for U₃O₈ was US\$29.00/lb, a price increase over 40% in 2005.

This information in this report that relates to Exploration Results or Mineral Resources has been approved by Mr Allan Younger, Chief Geologist of Marathon Resources Ltd, who is a Member of the Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit described herein to qualify as a Competent Person for the purposes of the 1999 Australasian Code for the Reporting of Exploration Results.

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Figure 1 - Paralana Ore System
Location Plan Showing U₃O₈ Deposits

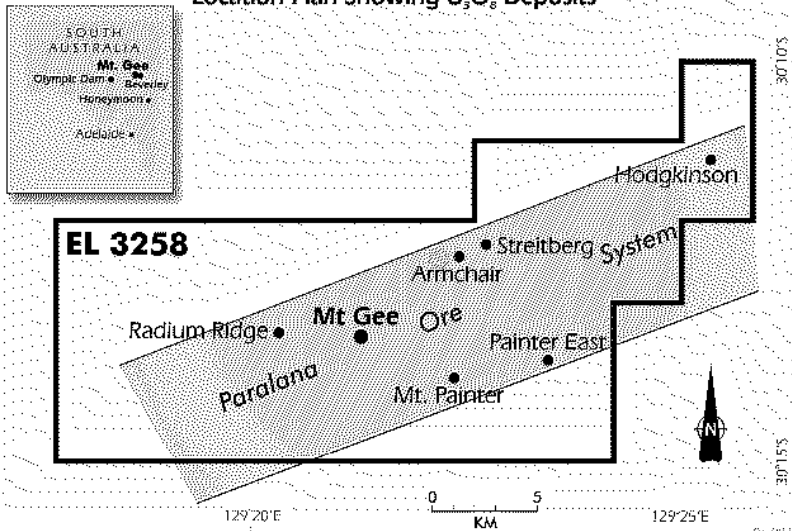


Figure 2 - Cross-section Showing Drillhole with U_3O_8 Distribution and CSAMT Resistor.
Mt Gee Deposit.

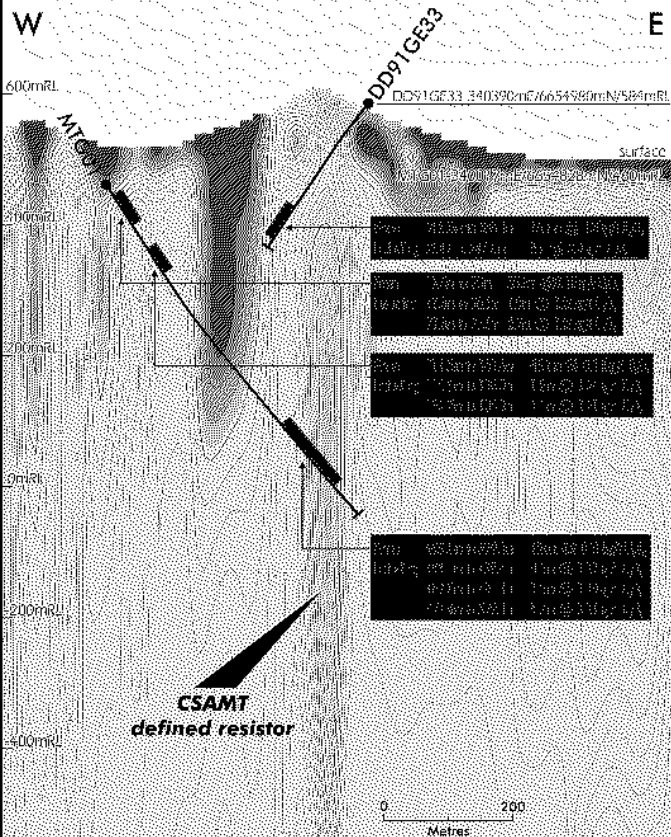


Figure 4 - Distribution of U3O8 (left), and Cerium-Lanthanum (right) in MTG01

