

Thursday, 3 November 2005



COMPANY ANNOUNCEMENT OFFICE  
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

## PARALANA MINERAL SYSTEM DRILLING

### COMMENCEMENT OF DRILLING AT HODGKINSON URANIUM DEPOSIT

Marathon is pleased to announce that a UDR650 crawler mounted rig has arrived on site to commence immediate drilling of the Hodgkinson deposit located in the north-eastern part of the Paralana Mineral System. The Paralana Mineral System, containing a number of uranium deposits and prospects, stretches some 12 km diagonally in a north-easterly direction across Marathon's 100% owned EL 3258 tenement (Figure 1).

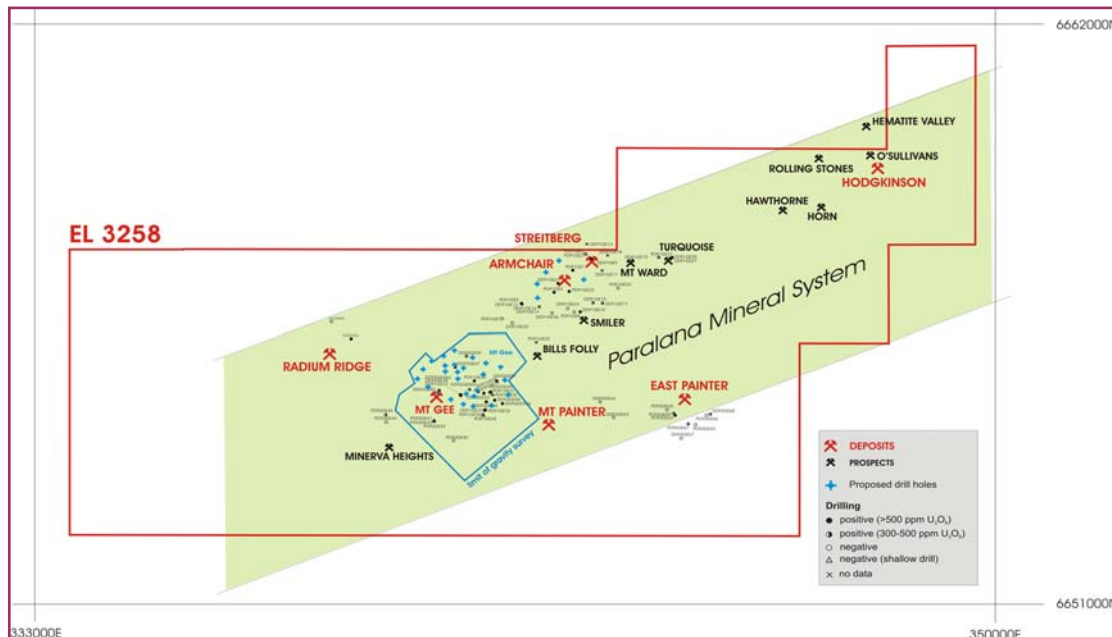


Figure 1: The Paralana Mineral System within EL 3258

Drilling by earlier explorers demonstrated the significant uranium potential of the Paralana Mineral System. Subsequent analysis and 3D modelling by Marathon confirmed the existence of this substantial and coherent mineral system. This includes the Mt Gee deposit, which contains an indicated resource in its western near surface portion (see table below).

Marathon's current drilling program comprises 19 holes in a three phase program to drill test selected areas of the Paralana Mineral System, as shown in Figure 2. Drilling will be RC with Diamond tails.

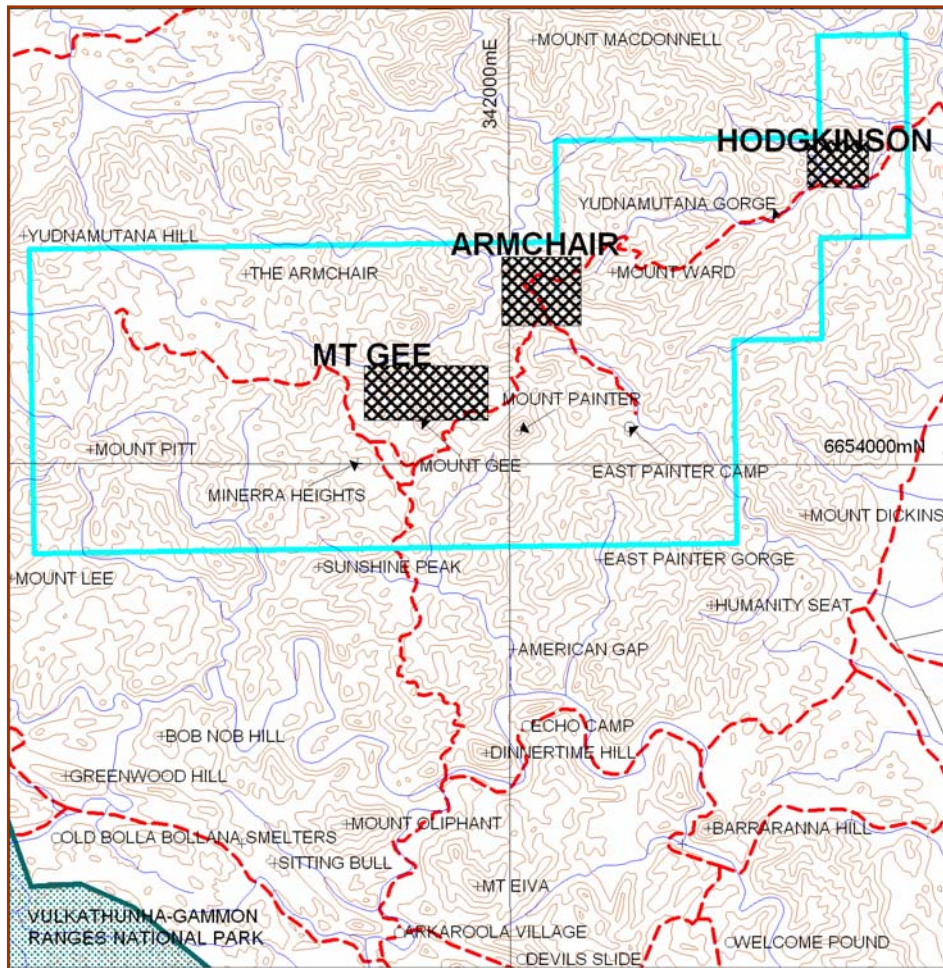


Figure 2: Areas of proposed drilling at Hodgkinson, Mt Gee and Armchair-Streitberg

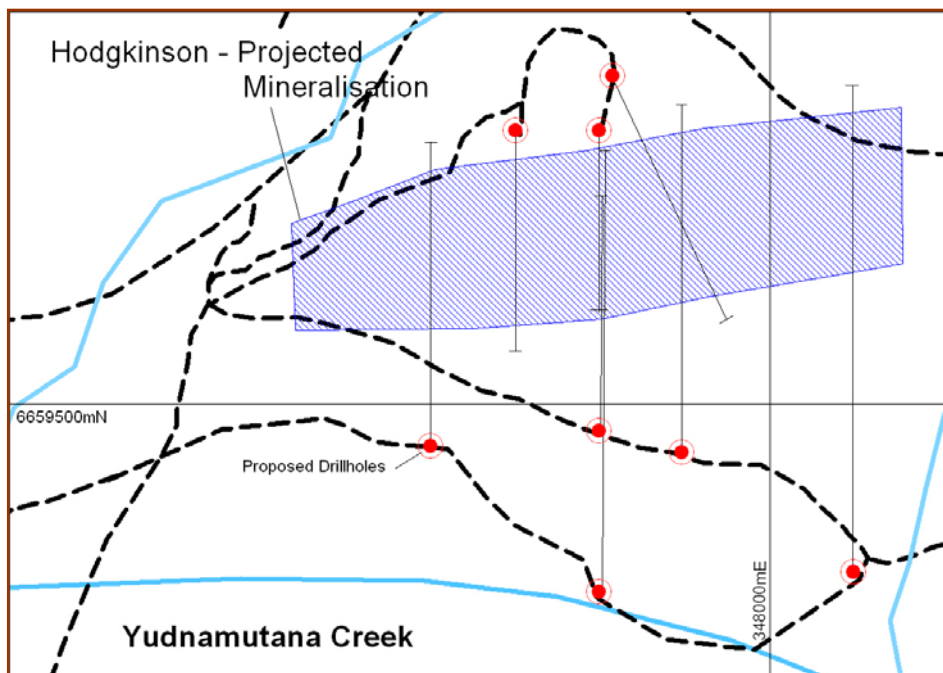


Figure 3: Drill hole locations at Hodgkinson

The program commences with the Hodgkinson deposit (with proposed drillhole locations as shown in Figure 3), to be followed by drilling at the well developed Mt Gee deposit, and later, at the Armchair-Streitberg deposit. Heritage clearances of the areas at Hodgkinson and Mt Gee have been finalised while that for Armchair-Streitberg is underway. The individual drilling programs are as follows.

**Hodgkinson** (8 drill holes). Drilling will commence within a day or two. The objectives of the drilling are manifold, with the main purpose to examine the mineralisation distribution, in particular its down dip extension, and validate higher grade intersections reported for the area by earlier explorers.

**Mt Gee** (6 drill holes). The deposit at Mt Gee contains nearly 57 million tonnes of uranium mineralisation, classified overall as an inferred resource. The breakdown of tonnage and grade is set out in the table below.

Project	Classification	Cut-off grade	Tonnes Mineralisation	U <sub>3</sub> O <sub>8</sub> Avg Grade	U <sub>3</sub> O <sub>8</sub> tonnes
Mt Gee	Indicated resource	500 ppm	4,013,000	0.09%	3,800
Mt Gee	Inferred resource	500 ppm	29,960,000	0.07%	21,000
Mt Gee	Inferred resource	300 ppm (<500 ppm)	22,703,000	0.04%	8,400
<b>Total Uranium</b>	<b>Indicated &amp; inferred</b>		<b>56,676,000</b>	<b>0.06%</b>	<b>33,200</b>

The principal purpose of the drilling is to investigate extensions of the deposit as the current model suggests its further continuation in each direction. It also aims to increase confidence in the deposit resource estimate and to refine the grade characteristics. There is a potential for increase both the overall tonnage (size) and grade for the deposit.

**Armchair – Streitberg** (5 drill holes). A preliminary model for this area suggests that mineralisation is mostly developing within a modestly south-east dipping hematitic breccia type deposit. The principal objective of the drilling at Armchair-Streitberg is to increase the geological information on the deposit extent and grade, and to allow a resource estimate.

Commencing with drilling at Hodgkinson, Marathon will progressively explore the Paralana Mineral System, continuing with drilling at Mt Gee and at Armchair-Streitberg. The drilling program is expected to be complete early in the next quarter. Drilling patterns at Mt Gee and at Armchair-Streitberg will be released before drilling commences there, and the results of the drilling will be released progressively as the program proceeds.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Dr Vic W Bogacz, a full time Executive Director of Marathon Resources Ltd, who is a Member of the Australian Institute of Geoscientists. Dr Bogacz has sufficient experience which is 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.*

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