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PARALANA MINERAL SYSTEM DRILLING (EL3258)

INITIAL RESULTS FROM DRILLING AT HODGKINSON URANIUM DEPOSIT HIGH GRADE URANIUM MINERALISATION IN DD05MN04 DRILL HOLE

Marathon is pleased to report assay results from the first three diamond drill holes of the current drilling program at the Hodgkinson deposit in the Paralana Mineral System (Figure 1). The Hodgkinson drilling project (Figure 2) covers a north-east part of the north-easterly trending Paralana Mineral System located within the exploration license EL3258 (South Australia), 100% owned by Marathon. The Paralana Mineral system includes the Mt Gee deposit, with an inferred resource of 57 million tonnes of mineralisation averaging 0.06% U_3O_8, and some 33,000 tonnes of contained U_3O_8.

This phase of the drilling was carried out between 8 November and 16 December 2005, and included a water bore (RC05MN01) and diamond drill holes DD05MN02, DD05MN03 and DD05MN04 (Figure 3). Each of the three diamond drill holes contains uranium mineralisation >500ppm (0.05%) U_3O_8. The mineralisation is structurally controlled and is hosted by brecciated and fractured zones within granite.

The highest grade intersections came from drill hole DD05MN04, which at a relatively shallow depth between 51m and 63m returned a 12m wide interval of strong uranium mineralisation with visible pitchblende, averaging 0.465% U_3O_8. This zone includes:

- **1m @ 0.97% U_3O_8 (almost 1% U_3O_8, equivalent of near 10 kg/t U_3O_8 from 52 – 53m depth) intercept, and**
- **2m @ 0.66% U_3O_8 (about 6.6 kg/t U_3O_8 from 59 – 61m depth) intersection.**

A fourth diamond drill hole, DD05MN05 was also completed before Christmas, with cutting and assays in progress. The remaining drilling, to finalise the program, recommenced on 4 January 2006, with diamond drill hole DD06MN06 currently in progress.

The main purpose of the drilling at Hodgkinson is to examine the nature of and controls on mineralisation and the distribution of mineralised zones to collect the drill hole data for their correlation with Marathon's conceptual tectonic model of the Hodgkinson deposit and, in broader terms, to develop the structural geological correlation of the deposit's mineralisation pattern with the tectogenetic model of the Paralana Mineral System.

A further purpose of the drilling was the validation of higher grade intersections reported for the area by earlier explorers. Earlier explorers used open drill hole techniques, which are not suitable for resource estimates under JORC compliant reporting. Open hole drilling, however, demonstrated higher grade uranium intersections, such as 38.1m @ 0.37% U_3O_8 in Exoil's drill hole JH15 (54.9m to 93m depth) and up to 1.65 % U_3O_8 and 2.4% U_3O_8 over 3.1m interval in JH72 (71.6m to 74.7m depth).

The assay results at Marathon's DD05MN04 diamond drill hole of 12m @ 0.465% U_3O_8, including a higher grade zone reaching almost 1% U_3O_8, are consistent with reports of earlier explorers and confirm the presence of the higher grade mineralisation and indicating substantial exploration and resource potential at Hodgkinson.

In the two other drill holes a number of zones with >500ppm (>0.05%) U_3O_8 mineralisation have been identified. Strongly mineralised zones in drill hole DD05MN03 are present between 52m to 54m, including 0.23% U3O8 intersection at 53-54m depth, and 60m to 62m within a broader zone of mineralisation, whereas assessment of the hole DD05MN02 displays grade up to 0.18% from the bottom of the hole at 187-188m depth.

In more detail, assay results for diamond drill holes DD05MN04, DD05MN03 and DD05MN02 are presented below in Tables 1, 2 and 3 respectively. Collar locations for drill holes for the first six holes of the Hodgkinson program are given in Table 4.

Table 1: Assay results diamond drill hole DD05MN04

Hole	Sample No	From (m)	To (m)	Interval (m)	CPS	U_3O_8 (ppm)
DD05MN04	**155637**	**50**	**51**	**1**	**3200**	**766.5**
DD05MN04	**155638**	**51**	**52**	**1**	**2700**	**2712.2**
DD05MN04	**155639**	**52**	**53**	**1**	**2200**	**9669.4**
DD05MN04	**155640**	**53**	**54**	**1**	**3300**	**5660.2**
DD05MN04	**155641**	**54**	**55**	**1**	**2500**	**4363.0**
DD05MN04	**155642**	**55**	**56**	**1**	**3100**	**3773.4**
DD05MN04	**155643**	**56**	**57**	**1**	**2600**	**2004.6**
DD05MN04	**155644**	**57**	**58**	**1**	**1500**	**2240.5**
DD05MN04	**155645**	**58**	**59**	**1**	**2500**	**4422.0**
DD05MN04	**155646**	**59**	**60**	**1**	**2400**	**6544.6**
DD05MN04	**155647**	**60**	**61**	**1**	**3300**	**6662.5**
DD05MN04	**155648**	**61**	**62**	**1**	**3100**	**4186.2**
DD05MN04	**155649**	**62**	**63**	**1**	**1200**	**3596.6**

Table 2: Assay results diamond drill hole DD05MN03

Hole	Sample No	From (m)	To (m)	Interval (m)	CPS	U_3O_8 (ppm)
DD05MN03	**155438**	**52**	**53**	**1**	**3900**	**495.3**
DD05MN03	**155439**	**53**	**54**	**1**	**3000**	**2299.4**
DD05MN03	155440	54	55	1	1800	294.8
DD05MN03	155441	55	56	1	1400	353.8
DD05MN03	155442	56	57	1	1100	159.2
DD05MN03	155443	57	58	1	1200	206.4
DD05MN03	155444	58	59	1	1200	412.7
DD05MN03	155445	59	60	1	1200	182.8
DD05MN03	**155446**	**60**	**61**	**1**	**1300**	**518.8**
DD05MN03	**155447**	**61**	**62**	**1**	**1350**	**648.6**
DD05MN03	155448	62	63	1	1300	318.4
DD05MN03	155449	63	64	1	1100	400.9

Table 3: Assay results diamond drill hole DD05MN02

Hole	Sample No	From (m)	To (m)	Interval (m)	CPS	U_3O_8 (ppm)
DD05MN02	**126221**	**22**	**23**	**1**	**850**	**943.4**
DD05MN02	126222	23	24	1	800	176.9
DD05MN02	**126231**	**32**	**33**	**1**	**1250**	**542.4**
DD05MN02	126232	33	34	1	850	113.2
DD05MN02	**126253**	**54**	**55**	**1**	**850**	**766.5**
DD05MN02	126254	55	56	1	800	235.8
DD05MN02	126255	56	57	1	900	342.0
DD05MN02	**155385**	**186**	**187**	**1**	**1700**	**1474.0**
DD05MN02	**155386**	**187**	**188**	**1**	**1900**	**1768.8**

Table 4: Hodgkinson Drilling – Collar Locations (MGA/GDA)

Hole	Easting	Northing	RL	Mag Brg	Inclination	Depth (m)
RC05MN01	347727	6659421	214		-90	57.0
DD05MN02	347941	6659565	235	180	-60	203.0
DD05MN03	347953	6659570	243	174	-60	200.4
DD05MN04	347955	6659576	243	155	-60	207.0
DD05MN05	347960	6659466	225	25	-55	147.0
DD06MN06	347920	6659485	217	20	-60	In Prog

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.

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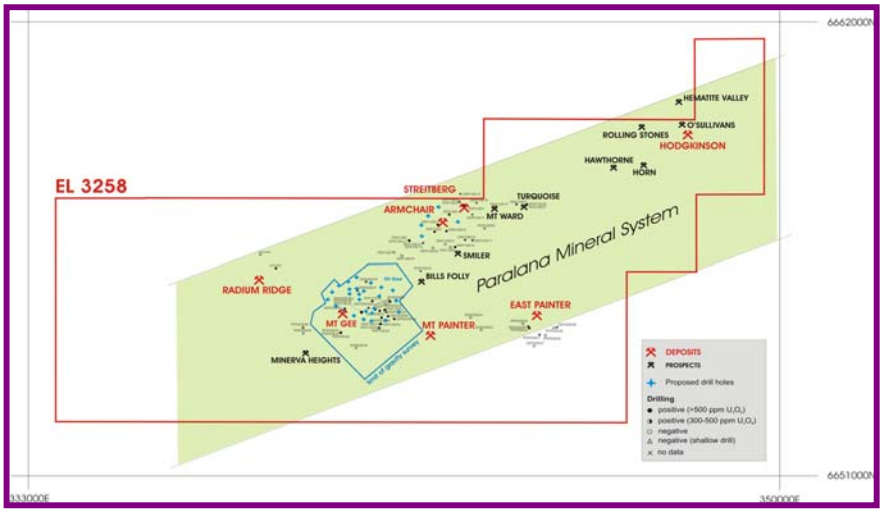

Figure 1: The Paralana Mineral System within EL 3258

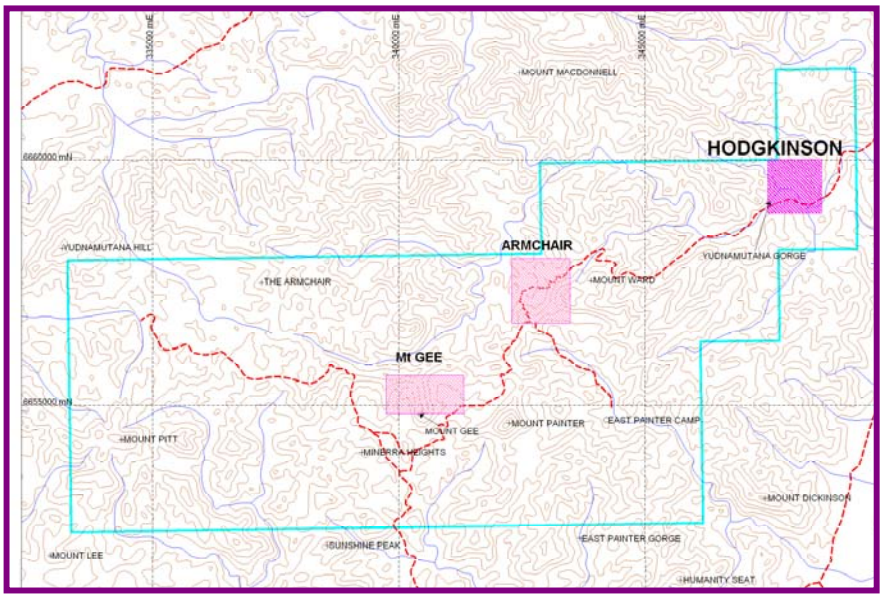

Figure 2: Location of Hodgkinson deposit in the Paralana Mineral System

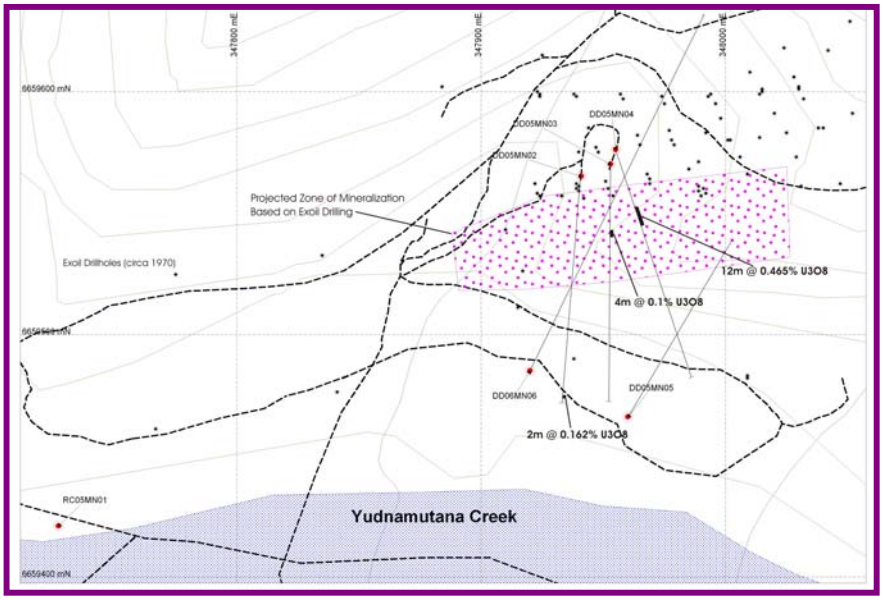

Figure 3: Drill hole locations and selected U_3O_8 intersections at Hodgkinson