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ABN 31 107 531 822
10 George Street
Stepney SA 5069
T 08 8366 2500
F 08 8362 5955
admin@marathonresources.com.au
www.marathonresources.com.au



COMPANY ANNOUNCEMENT OFFICE
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

PARALANA MINERAL SYSTEM DRILLING

MT GEE URANIUM DEPOSIT - FURTHER RESULTS FROM MARATHON DRILLING ARMCHAIR PROJECT – STRONG ASSAY RESULTS FROM HISTORICAL DRILL HOLES

Marathon is pleased to announce further assay results from drilling at Mt Gee, received after substantial delays at the assay laboratory. The Mt Gee deposit is a part of the Paralana Mineral System (PMS) in the North Flinders Ranges of South Australia. The System comprises a number of uranium deposits and prospects, trends some 12 km in a north-easterly direction across Marathon's 100% owned EL 3258 (Figure 1). The Mt Gee deposit contains an Inferred Resource of 57 million tonnes of uranium mineralisation at an average grade of 0.06% U₃O₈, containing some 33,000 tonnes of U₃O₈.

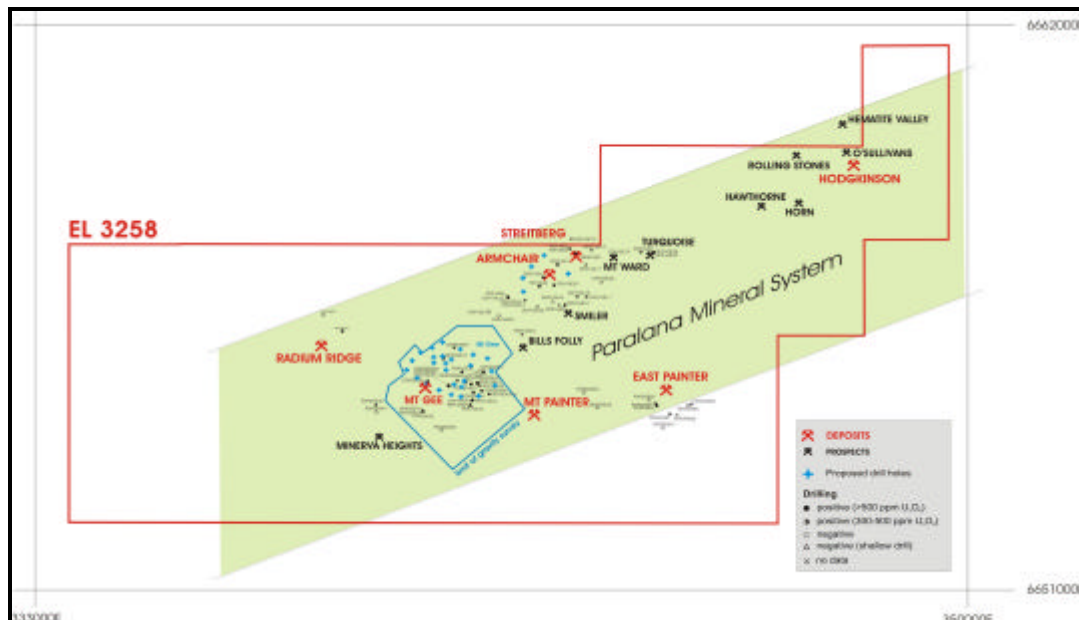


Figure 1: The Mt Gee deposit within the Paralana Mineral System

Mt Gee Drilling

The drilling program at Mt Gee was carried out between February and April 2006. It was designed to investigate the southern geological boundary of the deposit and to provide information for the resource re-assessment. The drilling comprised five diamond drill holes and one RC hole. These are shown as DD06MN8 – RC06MN13 in Figure 2. The final assay results are now available for drill holes

DD06MN10 and DD06MN12 for which preliminary XRF based results were released in Marathon's ASX announcement dated 11-May-2006. Additionally, some assay results, from drill holes DD06MN11 and DD06MN13, have been received.

Highlights of the assay estimates received up to date are as follows:

DD06MN10: 48 to 51m 3m @ 0.105% U₃O₈
(in previous announcement XRF results were: 48 to 52m: 4m @ 0.099% U₃O₈)

DD06MN11: 167.8 to 169m 1.2m @ 0.081% U₃O₈
177 to 180m 3m @ 0.067% U₃O₈

DD06MN12: 118 to 121m 3m @ 0.058% U₃O₈
(in previous announcement XRF results were: 117 to 120m: 3m @ 0.095% U₃O₈)

Details of current results are listed in the table below, and further assay data will be announced as soon as they have been received from the laboratory and considered by the company.

HOLE-ID	FROM	TO	Interval m	CPS	U ₃ O ₈ ppm	La ppm	Ce ppm	Cu ppm	Fe%
DD06MN10	48	49	1	4600	1120.24	1450	2400	1100	13.1
DD06MN10	49	50	1	5500	1061.28	2350	3900	750	17.2
DD06MN10	50	51	1	4500	648.56	3050	4900	1100	23.2
DD06MN10	51	52	1	2020	318.38	4300	6950	460	26.1
DD06MN11	167.8	168	0.2		436.30	195	350	23	3.62
DD06MN11	168	169	1		884.40	165	290	17	2.11
DD06MN11	177	178	1		825.44	290	450	19	2.7
DD06MN11	178	179	1		412.72	310	500	27	3.25
DD06MN11	179	180	1		766.48	200	360	26	3.27
DD06MN11	191	192	1		766.48	500	800	31	2.76
DD06MN11	226	227	1		507.06	200	330	20	3.12
DD06MN11	227	228	1		147.40	440	800	44	2.91
DD06MN11	228	229	1		424.51	230	390	23	5.06
DD06MN11	229	230	1		341.97	150	250	47	3.05
DD06MN11	230	231	1		707.52	150	280	28	2.76
DD06MN12	106	107	1	2880	589.60	1450	2600	185	15.3
DD06MN12	107	108	1	3000	448.10	300	550	210	4.94
DD06MN12	118	119	1	4360	448.10	160	260	195	3.59
DD06MN12	119	120	1	3610	943.36	340	600	330	6.38
DD06MN12	120	121	1	1650	353.76	250	400	130	3
RC06MN13	130	131	1	2300	377.34	1300	2100	330	16.4
RC06MN13	133	134	1	1700	294.80	1900	2950	300	18
RC06MN13	136	137	1	1860	259.42	1900	2950	120	19.3
RC06MN13	137	138	1	1790	271.22	1700	2700	92	21.3
Au ppb									
DD06MN12	72	76	4	1220					
DD06MN12	76	77	1	2800					

Of interest is drillhole DD06MN12, which shows strongly elevated gold values in a localised area.

In addition to the uranium assay estimates from Marathon drill holes, the Company re-assayed a drill hole DD92GE49 completed by CRAE in 1992 (Figure 2). The hole was re-assayed because it was included in the resource estimation database. This was the only hole so included, on the basis of high scintillometer counts in the CRAE documentation. Re-assay has confirmed that the assay U₃O₈ grade is appreciably higher than the calculated U₃O₈ grade. The Company's sampling program, which focused

on intersections displaying high scintillometer CPS counts, has returned significant assay results. These include a zone of

DD92GE49: 230 to 238.9m 8.9m @ 0.13% U₃O₈
 (Calculated grade 230 to 239m 9m @ 0.10% eU₃O₈)

In more detail the assay results are presented in table below.

HOLE-ID	FROM	TO	Interval m	CPS	U ₃ O ₈ ppm	La ppm	Ce ppm	Cu ppm	Mo ppm	Fe%
DD92GE49	53.0	54.0	1.00		554.22	120	250	52	8.5	3.66
DD92GE49	54.0	55.0	1.00		943.36	140	290	22	4.1	3.18
DD92GE49	55.0	56.0	1.00		707.52	100	210	23	4.6	3.17
DD92GE49	227.0	228.0	1.10	1500	648.56	1350	2350	800	25	15.4
DD92GE49	228.0	229.0	1.00	1600	330.18	850	1450	330	13.5	10.6
DD92GE49	229.0	230.0	1.00	1800	235.84	900	1500	250	15	9.43
DD92GE49	230.0	231.0	1.00	2300	1238.16	3450	5750	1000	84	25.4
DD92GE49	231.0	232.0	1.00	2500	1297.12	3800	6350	950	100	23
DD92GE49	232.0	233.0	1.00	3000	554.22	1600	2600	500	48.5	14.4
DD92GE49	233.0	234.0	1.00	4500	1650.88	3250	5350	1700	105	32.3
DD92GE49	234.0	235.0	1.00	4500	1591.92	3550	5900	1350	300	26.7
DD92GE49	235.0	236.0	1.00	4200	1945.68	5300	9100	1700	160	32.1
DD92GE49	236.0	237.0	1.00	4000	1945.68	4700	7900	1550	290	29.7
DD92GE49	237.0	238.0	1.00	3000	424.51	1150	1950	390	260	13.5
DD92GE49	238.0	238.9	0.90	2100	884.40	2500	4150	750	650	23.7
DD92GE49	256.0	257.0	1.00	1500	648.56	800	1450	150	14.5	13.1
DD92GE49	257.0	258.0	1.30	1600	1238.16	1400	2650	850	15.5	26.5

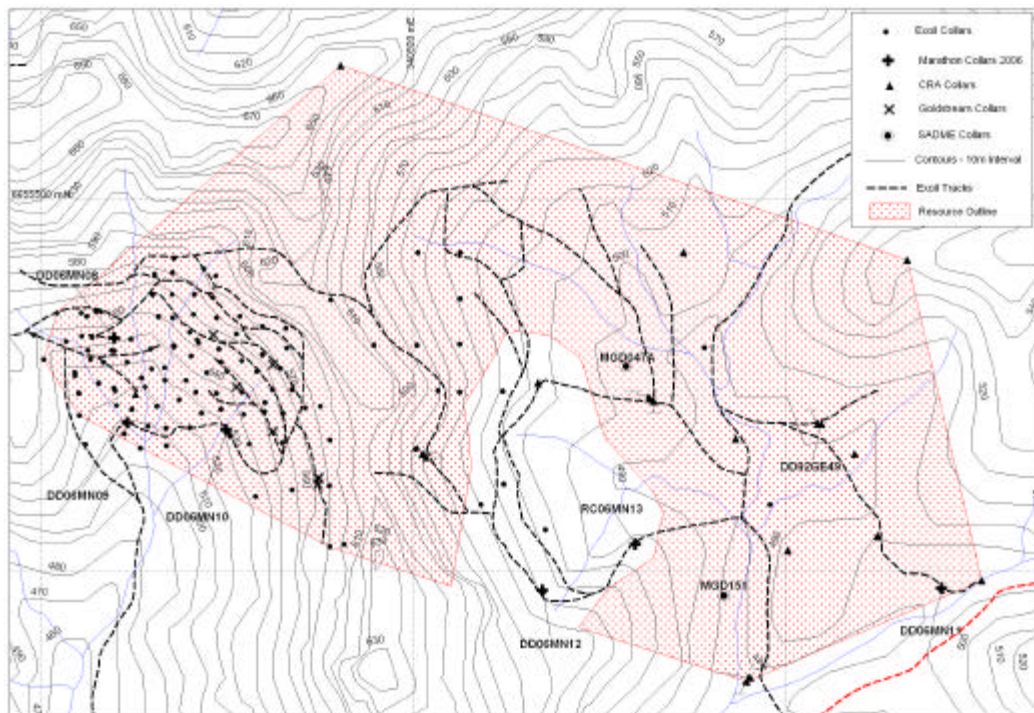


Figure 2: Drill hole locations at Mt Gee

Mt Gee Resource Re-assessment

Marathon's drilling and review, re-logging and analysis of previously unassayed PIRSA's drill holes drilled in 1976 (MTG 047A & MTG 151) and re-assay of CRAE's diamond drill hole (DD92GE49) from 1992 provide information for reasonable re-assessment of the Marathon's original resource estimates announced in August 2005. In general, these holes are concentrated along the central and southern extension of the deposit (Figures 2 & 3). Particularly important are holes located in the south-eastern part of the deposit where, based on data available, an apparent "weaker grade U mineralisation" zone was defined and another zone excluded from the resource estimation altogether (Figure 3).

The drilling and assay results are consistent with the Marathon's geological and mineralisation model of the deposit firmly suggesting the continuity of mineralisation with grade around 0.1% U₃O₈ over large parts of the deposit, including increase of grade in the area of "weaker grade U mineralisation" centred around the DD92GE49 CRAE hole and re-assessment of the zone previously excluded from the resource estimation (Figure 3).

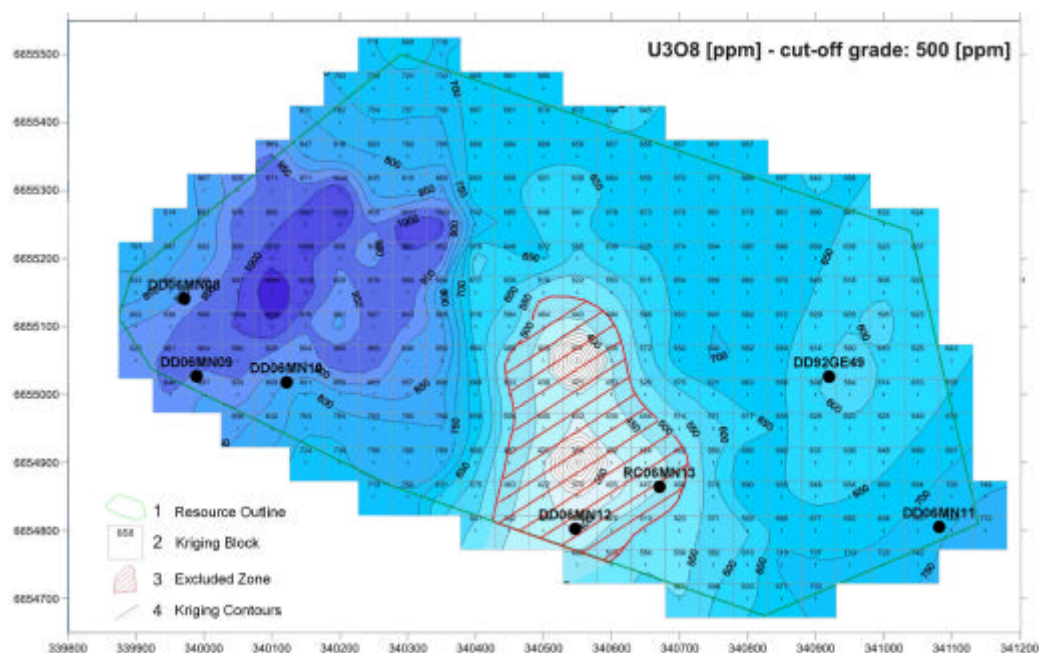


Figure 3: Drill hole locations and Grade Distribution within the Resource Area at Mt Gee.

HOLE-ID	Zone	MGA East	MGA North	RL	MAG Azimuth	DIP	Length m
DD06MN08	54	340098.78	6655312.19	540.06	0	-90	111.2
DD06MN09	54	340116.95	6655198.55	509.77	0	-90	141.4
DD06MN10	54	340249.09	6655189.58	521.41	150	-60	189.4
DD06MN11	54	341209.15	6654976.84	480.65	180	-60	381.1
DD06MN12	54	340673.58	6654974.22	529.66	180	-60	351
RC06MN13	54	340797.86	6655035.95	500.59	0	-90	150

Consequently, as the next step in the Mt Gee deposit upgrading, Marathon collated a set of geological and assay information recently obtained from 14 drill holes for the deposit re-evaluation and the resource re-estimate. These include 6 Marathon, 2 PIRSA and CRAE DD92GE49 holes, and additionally 7 Goldstream Mining Ltd drill holes drilled in 1999 that were not used in the original resource estimate by either EGC or Hellman & Schofield consultants.

Armchair-Streitberg drilling

Marathon's drilling at Mt Gee is part of a three phase program designed to test the Hodgkinson, Mt Gee and Armchair-Streitberg deposits. Drilling at Hodgkinson was completed in the early February, with results announced on 19 January and 22 February 2006. This was followed by Mt Gee drilling program, which was completed on 25 April 2006.

In preparation for the planned drilling at Armchair-Streitberg later this year, review of the existing drill core database in PIRSA core libraries was undertaken by Marathon. A number of drill holes with no geological or assay analysis done for various areas of the PMS were identified, including three (AG08,

AG31 and SR11C) historical Exoil drill holes for the Armchair-Streitberg deposit (Figure 4). These holes together with other known Exoil and CRAE holes drilled for the deposit will be complemented by forthcoming Marathon drilling. The locations of planned drill holes (PA01-04) are shown in Figure 4.

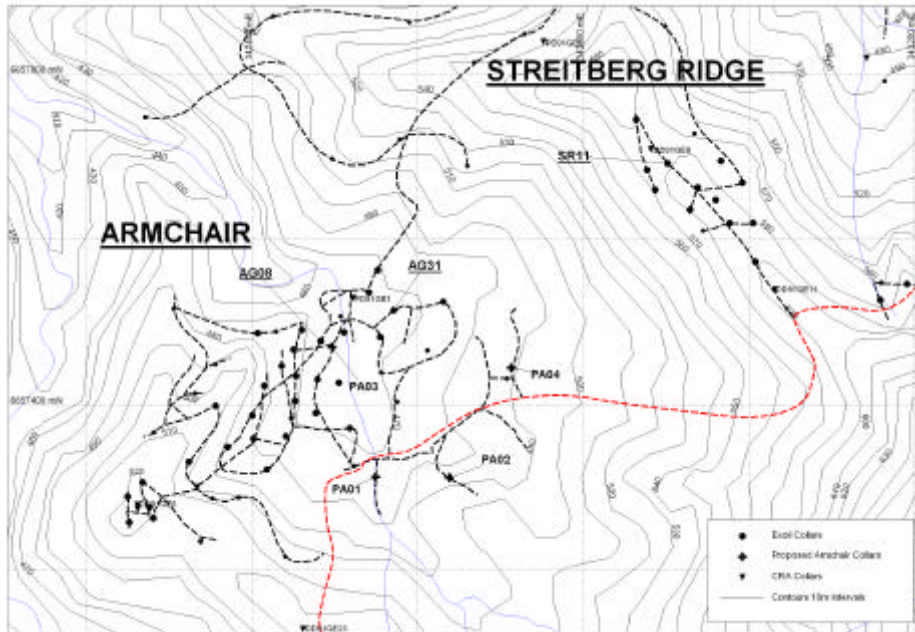


Figure 4: Drill hole locations at Armchair-Streitberg.

The Exoil AG08, AG31 and SR11C drill holes, which had not previously been assayed, have been submitted to the laboratory. Significant results are listed in the table below.

HOLE-ID	FROM	TO	Interval m	U ₃ O ₈ ppm	La ppm	Ce ppm	Cu ppm	Mo ppm	Fe %
AG08	36.00	37.00	1.00	1650.88	1700	2650	1000	145	12.2
AG08	37.00	38.10	1.10	5070.56	2200	3450	1300	400	13.9
AG08	38.10	39.00	0.90	2417.36	2500	3900	1650	350	17.8
AG08	39.00	40.00	1.00	1179.20	2200	3400	1050	250	15.9
AG08	40.00	41.09	1.09	1532.96	2200	3350	1300	350	16.4
AG08	41.09	42.00	0.91	1179.20	2400	3750	1200	320	17.8
AG08	42.00	42.70	0.70	283.01	250	400	64	28	4.09
AG08	42.70	43.50	0.80	1238.16	1500	2350	260	250	9.43
AG08	43.50	44.14	0.64	1061.28	2450	3950	1350	500	20
AG08	44.14	45.00	0.86	1061.28	2750	4400	1250	380	23
AG08	45.00	45.80	0.80	766.48	2050	3350	850	240	15.9
AG31	33.00	34.06	1.06	766.48	2500	3850	550	110	22.7
AG31	34.06	35.00	0.94	766.48	2500	3800	550	105	22.5
AG31	35.00	36.00	1.00	247.63	1150	1750	440	165	12.9
AG31	36.00	37.05	1.05	648.56	850	1300	350	48.5	10.7
AG31	37.05	37.70	0.65	1120.24	2250	3500	1100	120	28.1
AG31	37.70	38.50	0.80	1002.32	2800	4300	1400	270	25.6
AG31	38.50	39.50	1.00	1238.16	4100	6200	2300	700	27.8
AG31	39.50	40.50	1.00	436.30	1200	1850	500	140	10.9
SR11C	36.0	37.0	1.00	707.52	800	1550	450	72	11.9
SR11C	37.0	38.0	1.00	318.38	500	1000	210	44.5	10.3
SR11C	38.0	39.0	1.00	283.01	410	650	160	32	7.19
SR11C	39.0	40.0	1.00	330.18	550	900	200	42.5	10.6
SR11C	40.0	41.0	1.00	389.14	800	1250	360	115	13.7
SR11C	41.0	42.0	1.00	825.44	2200	3350	850	240	20.6
SR11C	42.0	43.0	1.00	766.48	1750	2650	800	175	20.5
SR11C	43.0	44.0	1.00	707.52	1450	2150	700	150	14.8
SR11C	44.0	45.1	1.05	1002.32	2150	3250	800	150	18.3
SR11C	45.1	46.0	0.95	943.36	2300	3400	850	155	20.5
SR11C	46.0	47.4	1.40	377.34	1150	1800	370	30	12

Research on Paralana Mineral System

Over the last 6 months, Marathon has been conducting extensive research on the very large collection of historical drill core held in the PIRSA Core library in Adelaide and Moonta. Re-logging and correlation of the drill hole geological data, and a program of mineralogical sampling was completed by an overseas Ph.D. student allocated by Marathon to the Paralana project. The study will significantly improve the understanding of geology and mineralogy of the PMS. Initial results are expected within 2 months.

With regards to the PMS mineralogy, approximately 200 samples from ore and near-ore zones across the PMS were collected for petrogenetic study by Adelaide based Pontifex & Associates and internationally recognised experts in ore mineralogy. The study is in progress. It will provide valuable information on uranium carrying minerals and types of ore forming the mineral system, which will provide information for better understanding of ore metallurgy.

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.

Contact

Dr John Santich
Chief Executive Officer
Telephone (08) 8366 2500