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COMPANY ANNOUNCEMENTS OFFICE  
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

**PARALANA MINERAL SYSTEM**

**MT GEE DEPOSIT**

**SCOPING STUDY UNDERWAY**

**RESOURCE DRILLING TO COMMENCE IN NOVEMBER**

**SCOPING**

**Coffey Mining Pty Ltd, a subsidiary of ASX listed Coffey International Limited (COF), have been appointed to commence a scoping study at the Mt Gee uranium deposit.**

**The study will commence on Tuesday 24 October 2006, with a team of four Coffey specialists flying to the site with Marathon's executive directors.**

**The initial stage of the study will be carried out by mining, processing, hydrogeological and environmental experts, leading to definition and costing of the full scoping study to commence in January 2007.**

**DRILLING**

**Planning for a 20,000 metre resource drilling program at Mt Gee is well underway, with site consultation and clearance in train.**

**The purpose of the drilling is to improve resource definition from inferred to indicated and/or measured.**

**Final clearance is expected this month with documentation defining environmental considerations to be lodged before end of month.**

**A drilling contractor has been engaged and resource drilling is expected to commence in November 2006.**

### ***Mt Gee Deposit – Scoping Study***

Marathon is pleased to announce the commencement of comprehensive scoping studies at its Mt Gee uranium deposit in the Paralana Mineral System of EL 3258 in the Northern Flinders Ranges of South Australia (Figure 1).

Coffey Mining Pty Ltd, a subsidiary of ASX listed Coffey International Limited, has been appointed to commence a scoping study at the Mt Gee uranium deposit. The study will commence on Tuesday 24 October 2006, with a team of four Coffey specialists flying to site with Marathon's executive directors.

The purpose of the study is to define the full range of mining and processing options available for the development of the Mt Gee deposit, and to consider the environmental and social issues which need to be managed to enable an acceptable operation with minimal negative impact.

The initial stage of the study will be carried out by mining, processing, hydrogeological and environmental experts, leading to the definition and costing for the full scoping study to commence in January 2007. Coffey Mining Pty Ltd is a leader in mineral industry studies and will provide the Company with definitive guidelines for the timely development of the Mt Gee uranium resource.

**Mining:** There are many modern mining methods that may be applicable to uranium mining at Mt Gee, and Coffey Mining will present a range of options which will eventually be reduced to perhaps two alternatives for consideration at the pre-feasibility stage. The methods chosen will be those which are considered most appropriate in view of hydrological, geotechnical, environmental and other issues.

**Processing:** As noted in Marathon's ASX release of 30 August 2006, microprobe and scanning electron microscope studies revealed that the dominant uranium mineral at Mt Gee is uraninite (uranium oxide), with certain zones enriched in coffinite (uranium silicate) and, to a lesser extent, uranium carrying minerals such as brannerite, uranium sorosilicate and allanite. The presence of a processing specialist in the initial scoping definition team is a reflection of the importance of processing and uranium recovery in the economics of uranium mining at Mt Gee.

**Hydrogeology:** Mining and processing of uranium at Mt Gee will require water and even at this early stage of resource definition Marathon is aware of the importance of scoping the water requirements of a potential operation. Coffey Mining will assess the hydrogeological environment and consider the full range of options available to Marathon for the development of a mine and for a sound level of production.

**Environmental:** An environmental and social ecology specialist will be part of the initial team to ensure that these factors are taken into account at the earliest possible stage of the project. Marathon is committed to exploration and mining with minimal environmental and social impact, and the establishment of base line studies is a crucial part of the process, ensuring that impacts are measurable from the outset, from initial conditions that are as close to original as practicable.

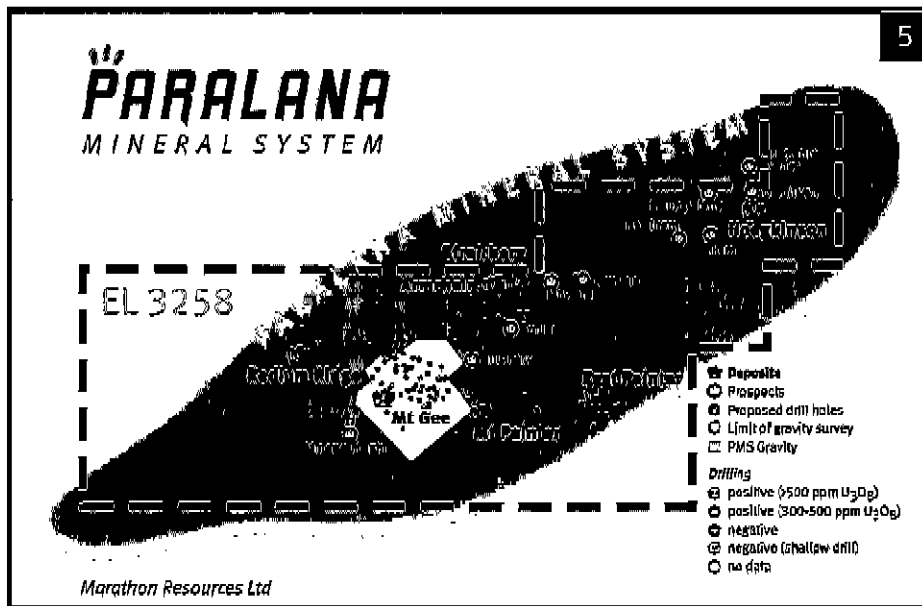


Figure 1: Paralana Mineral System, EL 3258, Flinders Ranges

### ***Mt Gee Resource – Definition Drilling***

Planning for the 20,000 metre drilling program aimed at converting the Mt Gee inferred resource to an indicated and/or measured resource is well underway, with on site inspections and clearance procedures in train. The description of environmental factors required to accompany the drilling work program has been lodged, after consultation with the holders of the pastoral lease, traditional landowners and relevant government departments.

Upgrading of the resource from the inferred category to the indicated/measured category is a precursor to definition of an ore reserve. Closer spaced drilling and appropriate sampling procedures allows confident definition of both mineralisation and host rock lithologies which are key factors in resource definition. Estimation of an ore reserve requires assessment and consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors, the so-called “modifying factors”.

Closer study of the defined resource has demonstrated the continuity of mineralisation and the coherence of the distribution of the higher grade mineralisation as the cut-off grade is increased. As noted in the Company’s ASX release of 30 August 2006, application of a cut-off grade of 1,000ppm (0.1% U<sub>3</sub>O<sub>8</sub>) yielded an inferred resource of the order 10.1 million tonnes of mineralisation at 0.133% U<sub>3</sub>O<sub>8</sub> for 13,496 tonnes of U<sub>3</sub>O<sub>8</sub> within a 10 metre thick zone of mineralisation. This high grade mineralisation is embedded in a coherent body of some 25.4 million tonnes of mineralisation averaging 0.081% U<sub>3</sub>O<sub>8</sub>, containing some 20,573 tonnes of U<sub>3</sub>O<sub>8</sub> (45 million pounds), at a cut-off grade of 500 ppm.

The drilling program, essentially as shown below, comprises 93 holes, sited so as to minimise the environmental impact of the program.

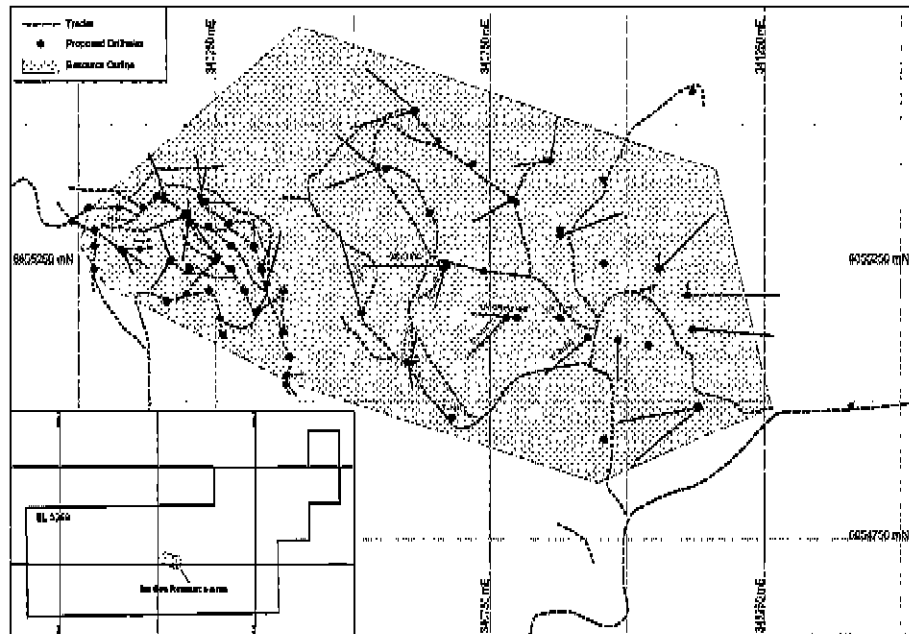


Figure 2 Proposed drill holes location towards indicated/measured resource of the Mt Gee deposit

*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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