

## MARATHON RESOURCES

Tuesday 18 December 2007

ASX Code MTN

- **MARATHON ACCELERATES DRILLING PROGRAM**
- **PRE-FEASIBILITY STUDY APPROVED**
- **ENVIRONMENTAL IMPACT STUDY GIVEN GREEN LIGHT**

Marathon Resources today announced an accelerated drilling program starting in the opening days of the New Year at its Mt Gee uranium project in South Australia – one of the largest undeveloped uranium projects in the country.

This includes for the first time, the use of a new multi-purpose drill rig which is due to arrive on site – in SA's Northern Flinders Ranges - in the first week of January.

"We already have two drill rigs operating around the clock and have to date drilled 16 holes as part of a \$7.2 million, 50-hole program," Marathon Director, Mr Denis Wood, said today.

"This accelerated drill program is part of the project's enhanced development," he said.

"The arrival of the third multi-purpose, reverse cycle and diamond drilling rig within weeks will provide us with an even more robust start to the New Year.

"It will also assist the Company in achieving its goal of upgrading a significant proportion of the present resource to Indicated status.

"We are on track to report all results from the current expanded drilling program in the June quarter of 2008, with data acquisition and pre-feasibility study activities continuing in tandem with the ramped up drilling program."

### **Key project approvals**

The Company also announced today it had given the go-ahead for both a Pre Feasibility Study (PFS) and Environmental Impact Study (EIS) to begin.

Mr Wood said SMG Consultants had been commissioned to undertake the comprehensive PFS of the mining process, while Enesar Consulting – a subsidiary of highly-respected engineering group, Coffey International - has been secured for the EIS.

He said the appointments of SMG Consultants and Enesar Consulting were a significant "next step" forward in the proposed development of the Mt Gee uranium project.

"The purpose of the PFS is to cost the technical viability of underground extraction of uranium ore to a near-site processing facility," Mr Wood said.

"This is a comprehensive and critical process which is expected to be completed by March 2009," he said.

"The same applies with our EIS, which is a crucial component to the future of our project."

Environmental issues that form part of the EIS include groundwater impacts, surface water management, flora and fauna, Aboriginal heritage management, air and noise quality, and land use impacts.

The EIS is expected to take 12 to 18 months to be completed.

**Company Outlook**

Mr Wood said the next 18 months were going to be an exciting and challenging time for Marathon – following an extremely busy 2007 for the Company.

This included the completion of a scoping study earlier this year which confirmed the potential of underground mining at Mt Gee.

The study assessed an operation processing approximately 1.5 million tonnes per annum at 760 parts per million uranium oxide concentrate (U<sub>3</sub>O<sub>8</sub>), with production of about 900 tonnes per annum and a nine-year mine life.

“Our main focus at the moment is upgrading a significant portion of the present resource – currently estimated at 42.8 millions tonnes averaging 629ppm U<sub>3</sub>O<sub>8</sub>, yielding 26,900 tonnes of contained uranium oxide – to Indicated status,” Mr Wood said.

“By June 2008, Marathon aims to have the mining plan and technical, metallurgical and engineering issues identified in preparation for the next phase of the mine development.”

“With the delivery of both the PFS and EIS in the next 18 months, our Mt Gee project is on track for production in the early part of the next decade.”

**Global demand for uranium**

Based on the findings in the recent report ‘Uranium Sector Review’ released on 11 December 2007 by Resource Capital Research, Mr Wood said the current global demand for uranium showed no signs of abating in the future.

The report revealed the number of planned and proposed nuclear reactors worldwide increased by 94 reactors to 316 between January and October this year.

There are now 439 nuclear power reactors operating across the globe.

China led the demand with 116 planned and proposed nuclear reactors – up from 63 earlier this year, with the United States up from 23 to 32 reactors.

The report also forecast uranium prices were expected to stay around the \$US90-100 per pound mark for the next few months, before reaching \$US125 a pound by September next year.

“Having nearly 40 per cent of the world’s low cost uranium resources, Australia is in an excellent position to answer the demand from an energy-hungry world,” Mr Wood said.

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**Notes to Editor**

Marathon is a minerals exploration company focused on the development of Mt Gee, one of Australia’s largest undeveloped uranium deposits.

The Mt Gee project is located within the Paralana Mineral System of South Australia, a uranium-rich state which is home to the world’s largest uranium deposit at Olympic Dam.

Marathon's portfolio also includes highly prospective copper-gold-uranium properties in the Gawler Craton of South Australia.

The Company has gold and copper-gold projects in other parts of South Australia and western Victoria, including first class copper-gold and base metal (silver-lead-zinc) projects in the Adelaide Geosyncline in South Australia and a prospective copper-gold project in the Moyston Fault Zone in Victoria.

Marathon also has a joint venture with listed uranium explorer UraniumSA Ltd (ASX: USA), in which the company holds a 7% stake; and with Primary Resources Ltd (ASX: PRZ) in the Warburton Project in Western Australia.

Marathon listed on the Australian Securities Exchange on 15 March 2005, under the stock code of MTN.

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