

Monday, 31 October 2005



COMPANY ANNOUNCEMENT OFFICE  
AUSTRALIAN STOCK EXCHANGE

**QUARTERLY REPORT**  
**1 JULY 2005 – 31 OCTOBER 2005**

**Paralana Mineral System**

During the last quarter Marathon's emphasis has continued evaluation of the uranium rich Paralana Mineral System covering Mt Gee in the Northern Flinders Ranges (EL 3258). An independent report and resource assessment was received and an announcement made to the ASX of an inferred resource estimate at the Mt Gee deposit of some 56 million tonnes of uranium rich mineralisation at an average grade of 0.06 U<sub>3</sub>O<sub>8</sub>, as set out below:

**Resource at Mt Gee Deposit**

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>

Aside from the Mt Gee deposit, the whole Paralana Mineral System demonstrates strong uranium potential, at the neighbouring Armchair and Streitberg as well as further west at Radium Ridge and east at Hodgkinson. The location of the Mt Gee and other deposits within the Paralana Mineral System.

Included in this inferred uranium resource at Mt Gee was a significant tonnage of rare earths, as follows:

Project	Classification	Cut-off grade	Tonnes Mineralisation	La-Ce Avg Grade	La-Ce tonnes
Mt Gee	Inferred resource	In >500 ppm U zone only	44,198,000	0.12%	51,800
<b>Total La-Ce</b>	<b>Inferred</b>		<b>44,198,000</b>		<b>51,800</b>

Marathon intends to commence drilling shortly, first at Hodgkinson, followed by Mt Gee and later at Armchair - Streitberg. The rationale behind the program is:

- to increase the tonnage (size) of and confidence in the Mt Gee inferred resource estimate
- to establish a resource estimate for the Armchair and Streitberg deposits, and
- to examine the mineralisation system, distribution and grade for the Hodgkinson deposit.

Heritage clearances over both Hodgkinson and Mt Gee have been finalised, while clearance at Armchair-Streitberg has been initiated. The overall program comprises some 19 holes, of which 8 at Hodgkinson, 6 at Mt Gee and 5 at Armchair-Streitberg.

**Coober Pedy**

The Company's Coober Pedy tenements, Woorong Creek and Mabel Creek, are held through a joint venture with Minoraur Exploration Ltd. The Company carried out exploration over both tenements during the financial year and to the date of this report, with most of the emphasis being on Woorong Creek.

At Woorong Creek a geochemical orientation survey was undertaken and partially completed, with three target areas (G3, M8 & PER3) being geochemically sampled using Mobil Metal Ion analysis (MMI) as well as calcrete sampling. A gravity survey was also undertaken in the western limits of the exploration license to complete the gravity coverage of the tenement. A geophysical review of gravity and magnetic data was initiated and completed late in the financial year.

Although based on a limited number of samples, both calcrete and MMI geochemical techniques showed anomalous responses over a small gravity and magnetic high north of MC5. The MMI response was particularly encouraging, showing a gradual increase in response, whereas the calcrete response was at a single sample point.

Target modelling of the gravity and magnetic data over anomaly M8 was completed. The modelling shows there are numerous units within the area with highly variable density and magnetic responses. Specific targets have been defined approximately 200m south of BHP hole 93006, which was located directly over the centre of the magnetic anomaly. Heritage clearances have been obtained for all areas for electrical geophysics and drilling.

At Mabel Creek one target area (MC2) has been geochemically sampled using MMI. Geophysical review of gravity and magnetic data was initiated soon after listing and was completed towards the end of the financial year. The results of geochemical sampling of the MC2 target area using MMI showed some correlation of anomalous responses with gravity responses. Heritage clearances have been obtained for the MC2 area for electrical geophysics and drilling.

### **Glendambo**

The Company's tenements at Glendambo are Coondambo, held through a joint venture with Platsearch NL, and Mulga Well, 100% owned by Marathon. The Company carried out significant exploration over both tenements during the financial year and to the date of this report, with most of the emphasis being on Mulga Well.

At Coondambo, MMI samples were collected along the CSAMT traverse carried out by the Company, with a view to comparison of MMI data with geophysics and calcrete samples. A field orientation visit was also conducted. An EWA for drilling of the shear zone defined by the CSAMT survey was lodged and approval received.

At Mulga Well, a geochemical orientation survey was completed to compare MMI and calcrete sampling. A broad spaced gravity program was also undertaken to refine targets already located using aeromagnetic data. Both MMI and calcrete sampling show only spot high responses in this area. Additionally, the inconsistent occurrence of calcrete pointed to difficulties in the interpretation of results.

Collection of geochemical samples on 1km by 1km triangular grid for MMI and calcrete analysis over portion of tenement previously not sampled. Initial calcrete responses appear to define several areas of anomalous gold and several discrete areas of coincident multi-element anomalism.

Strong uranium responses were defined along the margins of the palaeochannel indicating the potential of this system to host secondary uranium deposits. These responses were limited to the margins, as calcrete is not developed within the palaeochannel proper. As a result of this work, two additional tenements have been applied for covering extensions to the Kingoonya Palaeochannel, which traverses the Mulga Well tenement.

### **Mongolata**

Little work was carried out at Mongolata during the quarter. Field orientation visits were undertaken and historical data collated, preparatory to exploration expected early in the next calendar year.

### **Pinda Springs**

Little work was carried out at Pinda Springs during the quarter. Historical data was collected and collated, the historical sample data was located and the relevant geological mapping digitised. A Notice of Entry has been lodged with landowners in southern area of the tenement and field exploration is expected to commence early in the next calendar year.

## **Western Victoria**

At Kalymna, an air core drilling program was completed during the financial year to define the position of the Moyston Fault Zone. A Mini TEM survey was also completed around 'interesting' holes. The drilling returned a strongly anomalous response of 0.38g/t Au at end-of-hole (MS03; 35-36m) on the estimated position of the Moyston Fault Zone, which appears encouraging and a confirmation of the model on which the program was based.

Deeper testing of the Au response obtained in the aircore drilling will require a completely new Work Program to the Victorian Mines Department. RC drill testing will commence under a new Work Program which has been lodged and approved by the Department.

The Company's tenements at Kalymna and Glenlyle in western Victoria are held through joint ventures with a combination of two private companies and three individuals.

At Glenlyle, several IP traverses were completed during the financial year to define targets identified in the 2004 program. The IP survey confirmed and extended the strong IP anomaly identified previously, with a coherent zone >500m long having now been defined which correlates with a NE trending magnetic low. This drill target will be the subject of an RC drilling program.

## **New tenements**

During the quarter the Company applied for three additional exploration licenses in South Australia. Two of the tenements are extensions of the uranium palaeochannel potential at Mulga Well near Glendambo in the central Gawler Craton while the third is a primary uranium project in the Fleureau Peninsula to the south of Adelaide. As at the date of this report, one tenement has been offered to and accepted by the Company while the remaining two applications are still pending.

ELA 252/05 (Wild Dog) covers the old Wild Dog underground mine, from which some 346 tonnes of ore averaging 0.36% U<sub>3</sub>O<sub>8</sub> was extracted during 1954-1955 from a deposit of massive pitchblende. The area surrounding the deposit remains essentially unexplored and the strong uranium-related geochemistry, adjacent thorium/monazite occurrences, structural control of the deposit and potential for high-grade lodes with a primary uranium mineralisation suggest that the area has excellent exploration potential.

ELAs 358/05 and 359/05 – Kingoonya Palaeochannel System show potential for palaeo-channel uranium mineralization near Marathon's Glendambo tenements in the central Gawler Craton. The Glendambo tenements are at the eastern end of the Harris Greenstone Belt and the complex palaeo-channel structures, forming part of the regional Kingoonya Palaeochannel System, are strongly developed within these tenements and their surroundings



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