Marathon Resources Ltd
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

Tuesday, 17 January 2006

COMPANY ANNOUNCEMENT OFFICE
AUSTRALIAN STOCK EXCHANGE

THE PARALANA MINERAL SYSTEM (EL 3258) HELLMAN & SCHOFIELD INDEPENDENT STUDY CONFIRMS MT GEE DEPOSIT RESOURCE ESTIMATES

Hellman and Schofield Pty. Limited (H&S) was contracted by Marathon Resources Limited to provide an independent review of the Mt Gee uranium deposit. The project in South Australia is 100% owned by Marathon Resources under exploration license EL3258 (Figure 1). On 2 and 12 August 2005 Marathon Resources announced an Inferred Resource for the Mt Gee deposit totalling 56.8 million tonnes at an average grade of 0.06% containing 33,276 tonnes of U_3O_8.

During 2005, the Economic Geology Centre (EGC) at the University of Mining and Metallurgy in Krakow, Poland, undertook extensive work on the Paralana Mineral System (PMS) comprising a number of projects exhibiting significant uranium mineralization of which Mt. Gee forms a part. The EGC study has integrated information on geology, geophysics and diamond and RC drilling from a number of sources including the exploration activities of four previous exploration companies to produce a comprehensive work on the current status of the project and provide an estimate of the Inferred Resource at Mt. Gee.

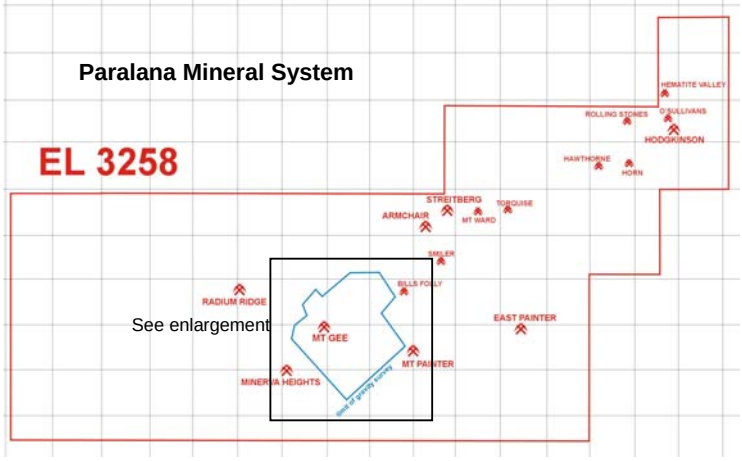
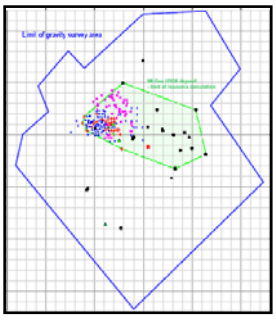


Figure 1: EL 3258 including Mt Gee Resource Estimation Area



Resource estimation area within limits of gravity survey area

Hellman and Schofield (H&S) have reviewed the findings of the EGC on Mt. Gee, undertaken a field visit to the project, reviewed some of the available drill core from previous exploration and undertaken a check of the resource estimates proposed by the EGC. Table 1 below shows the Inferred Resource estimates for the Mt Gee uranium mineralization generated by the EGC for the 500 ppm cutoff and the corresponding polygonal estimate provided by H&S, supporting the EGC estimate.

Source	Element	Method	U_3O_8 Cutoff	Averages U_3O_8 ppm	Averages Thickness (m)	Million Tonnes	U_3O_8 Tonnes
EGC	U_3O_8	kriging	>=500	730	20.3	34.1	24,808
H&S	U_3O_8	polygons	>=500	847	17.82	29.9	25,323

Table 1: Comparison of EGC and H&S Resource Estimates of the Mt. Gee Uranium mineralization (significant figures used in Tables1 and 2 do not imply precision and are used to avoid round-off errors)

The H&S check estimate of the uranium resource above 500 ppm is in close agreement with the EGC estimate and differs from the EGC estimate as expected. The H&S estimate of average thickness is around 13 percent smaller than the EGC estimate and consequently the H&S mineralisation tonnage is smaller. The estimated average grade by H&S is higher by about the same percentage, with contained U_3O_8 therefore comparable. This outcome provides reasonable assurance that the EGC estimates contain no significant procedural or computational errors.

It should be noted that the EGC also provided an Inferred Resource estimate for the U_3O_8 grade range 300ppm – 500ppm. The full estimate is shown in Table 2. In view of the satisfactory agreement between the EGC and H&S estimates for the >=500ppm category, no check was undertaken by H&S for the EGC resource estimates at the lower cutoff of 300 ppm.

Source	Element	Method	U_3O_8 Cutoff	Averages U_3O_8 ppm	Averages Thickness (m)	Million Tonnes	U_3O_8 Tonnes
EGC	**U_3O_8**	**kriging**	**>=500**	**730**	**20.3**	**34.1**	**24,808**
EGC	**U_3O_8**	**kriging**	**300-500**	**368**	**14.2**	**22.7**	**8,368**
			Total			***56.8***	***33,276***

Table 2: EGC Resource Estimates of the Mt. Gee Uranium mineralization

The purpose of the H&S estimate was to provide a reasonable check of the EGC estimates by using an alternate method that is comparatively simple to implement and is confined to the same area of estimation as the EGC approach. The polygonal method achieves this at the level of confidence implied by inferred resources. This approach, however, does not, and would not be expected to, exactly reproduce the resource estimates that the EGC has generated.

A conceptual desktop study carried out by Marathon and independently verified by a recognised Australian consulting engineering group confirms that the deposit has "reasonable prospects for eventual economic extraction" (2004 JORC Code).

Field observations and drill core review by H&S support the conclusion of the EGC that the uranium mineralization is mainly focused in the haematitic breccias at Mt. Gee (Figure 2) and elsewhere in the Paralana Mineral System and is likely to be of hydrothermal origin. Pre-existing brecciated structures or possibly hydrothermal breccias probably acted as conduits for later uranium mineralising fluids.

Figure 2: Example of haematitic breccia from CRAE drill hole GE33

Drilling Program

Marathon Resources' current drilling program is focussed on three areas of the PMS, including the Mt Gee deposit and its possible extensions. Commencement of drilling at Mt Gee is expected in late January or early February 2006 following completion of the present phase of the program at Hodgkinson.

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

David Waterhouse
Waterhouse IR
Telephone 0407 880 937