



## **CHAIRMAN'S ADDRESS**

**Delivered at the Annual General Meeting**

**Thursday 16 November 2006**

**The Sebel Playford North Terrace Adelaide**

Dear Shareholders,

On behalf of the Board of Directors I am pleased to report to you on our first full operating year which ended on 30 June 2006.

This time last year we had just over 1000 shareholders, our share price was \$0.60 and the market capitalization \$24m. One year later we have increased our quoted shares from 32.6m to 43.43m and the price has increased to \$1.15 and the market capitalization in excess of \$50m. There are nearly 1900 shareholders on the register.

The year was a very busy one and spent \$2.4m on exploration costs with the vast majority being incurred at Mt Gee on the drilling program in the Paralana Mineral system. The company announced updated resource estimates at Mt Gee as well as initial encouraging results for the smaller, higher grade Hodgkinson deposit to the north east of Mt Gee. The next phase of the program commences this week with a 93 drill hole program to upgrade the current inferred resource.

The company continued with its announced regional focus and spent \$700,000 on other tenements during the year. We have met our licence and joint venture obligations and we have committed further funds for these areas in the coming year.

As I mentioned to you last we have established a small, cohesive and competent group of professionals and we have been able to engage the best consulting assistance from Australia and overseas. We have announced that we are conducting a scoping study at Mt Gee where a primary objective will be the minimization of environmental impacts and the optimisation of social benefits at the same time as the resources are further identified.

Following year end we received a takeover bid from Buttermere Australia Pty Ltd ("Buttermere"), an indirect wholly owned subsidiary of Crosby Capital Partners Inc, for 100% of the issued Marathon shares. Your company's directors have unanimously advised shareholders to reject the bid as it is totally inadequate, opportunistic and does not reflect Marathon's achievements. The Buttermere

offer is 68 cents for each issued share in Marathon Resources Limited and your shares have consistently traded well in excess of the offer price since the bid was announced on 6 July 2006. Buttermere has extended its offer without any change in the terms and conditions it applied and the bid remains open until 5 December 2006.

On 9 November 2006 the company issued a Third Supplementary Target's Statement advising that the company had agreed to place 6.5m ordinary shares at an issue price of \$1.10 each which represents a 61.7% premium to the Buttermere offer of 68 cents per share. The placement is subject to shareholders ratifying at the AGM, the placement of 5.5m shares in March 2006. Subject to that approval, the company will issue the new shares equally to Talbot Group Holdings Pty Ltd and CITIC Australia Pty Ltd. Your directors are very confident that the issue is in the best interests of the company and will further enhance shareholder value. Sufficient financial reserves will be available for the advancing of the Mt Gee resources and enable us to undertake other exploration prospects.

The uranium sector remains buoyant and the spot price for uranium has increased by nearly \$US20/lb in the last 6 months. Further increased demand for the commodity is expected as uranium mine production has fallen in the last year and significant delays appear to be certain in Canada as a result of extensive floods at Cigar Lake. The major trading houses around the world are active in attempting to secure long term supply arrangements and Marathon Resources has had discussions with a number of them. The placement agreed by the company greatly assists in this process and with the major resource of Mt Gee being 100% owned we can anticipate keen interest in the company as our drilling program unfolds.

Another benefit to shareholders developed during the year was the successful joint venture with UraniumSA Ltd ("USA"), which resulted in Marathon Resources Limited becoming a Substantial Shareholder on the listing of USA in October 2006. Marathon Resources Limited holds 4.37m shares in USA representing 7.13% of the issued capital of that company.

I am confident that we have made substantial and sustainable progress this year and events since June confirm that we can deliver further improvement in shareholder value

None of this could have been achieved without the inspirational work of our Executive Directors who have continued to focus on the outstanding work done at Mt Gee. They have been very ably assisted by a very competent and diligent staff and I thank them all on your behalf.

I look forward to 2007 with a great deal of enthusiasm knowing that the plans we have put in place are sound, well funded and will meet all the obligations we must satisfy to grow Marathon Resources Limited.

P L Williams  
Chairman

## A feat of endurance



*ANNUAL GENERAL MEETING 2006*

**Marathon Resources Limited**

**Annual General Meeting**

**16 November 2006**

<b>Speakers</b>	<b>Mr Peter L Williams</b>	<b>Chairman</b>
	<b>Dr Vic Bogacz</b>	<b>Executive Director, Technical</b>
	<b>Dr John Santich</b>	<b>Chief Executive Officer</b>



## 2006 Highlights

- *Market Capitalisation*
- *Exploration Expenditure*
- *Mt Gee Analysis published August 05 and March 06*

**MARATHON**



## Subsequent Events

- *Buttermere Takeover Offer*
- *Third Supplementary Target's Statement*
- *UraniumSA Ltd Shares*

**MARATHON**



Annual General Meeting  
16 November 2006

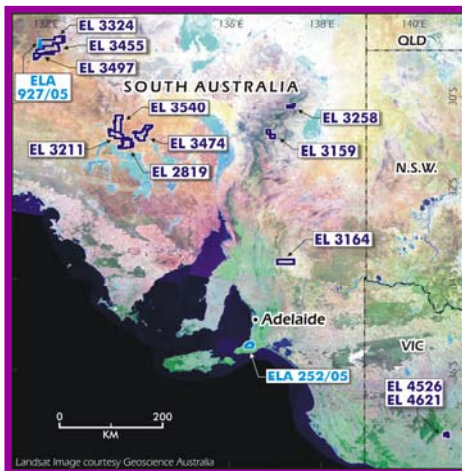
## FROM EXPLORATION TO RESOURCE IDENTIFICATION

Dr. W. Vic Bogacz

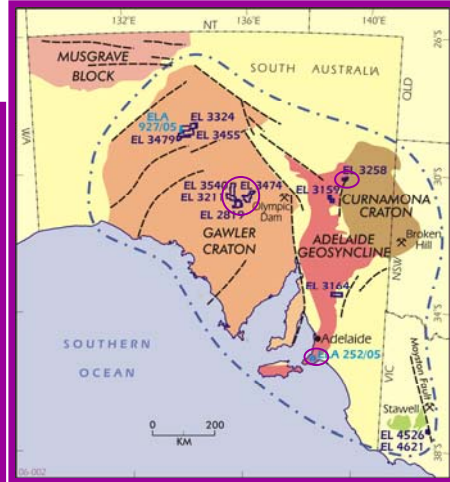
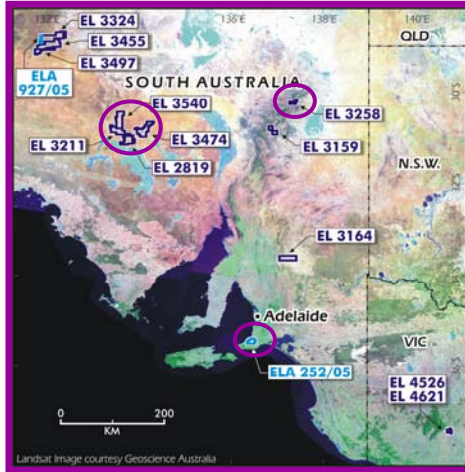
Marathon Resources Ltd, 10 George St., Stepney 5069, South Australia  
[wbogacz@marathonresources.com.au](mailto:wbogacz@marathonresources.com.au)



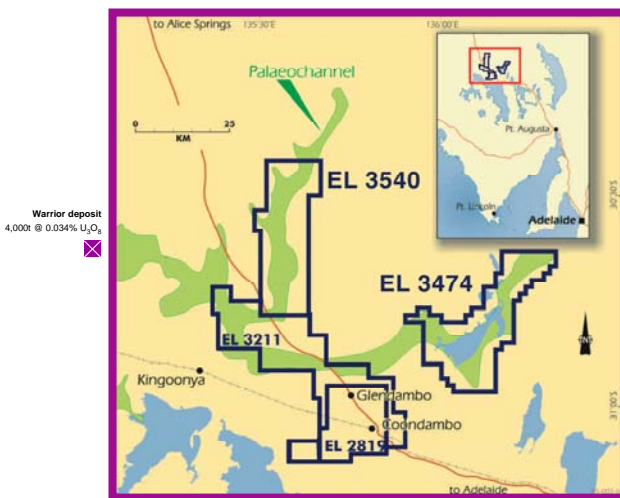
### Area of focus



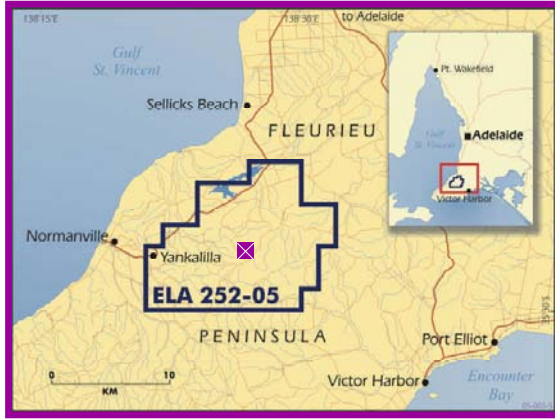
Area of focus



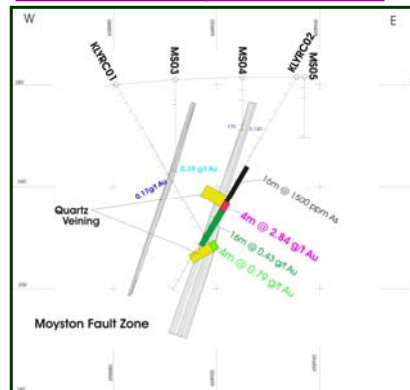
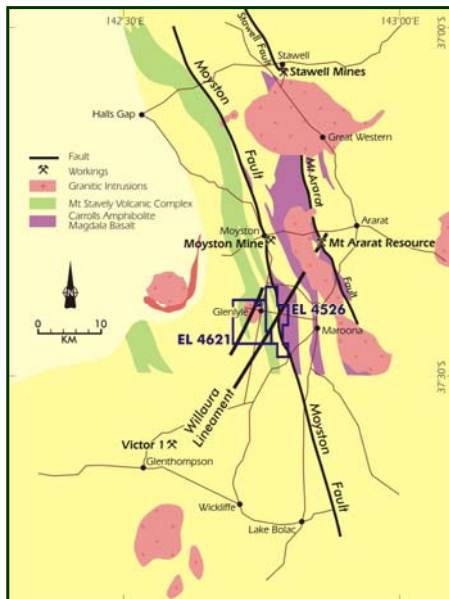
Uranium tenement status

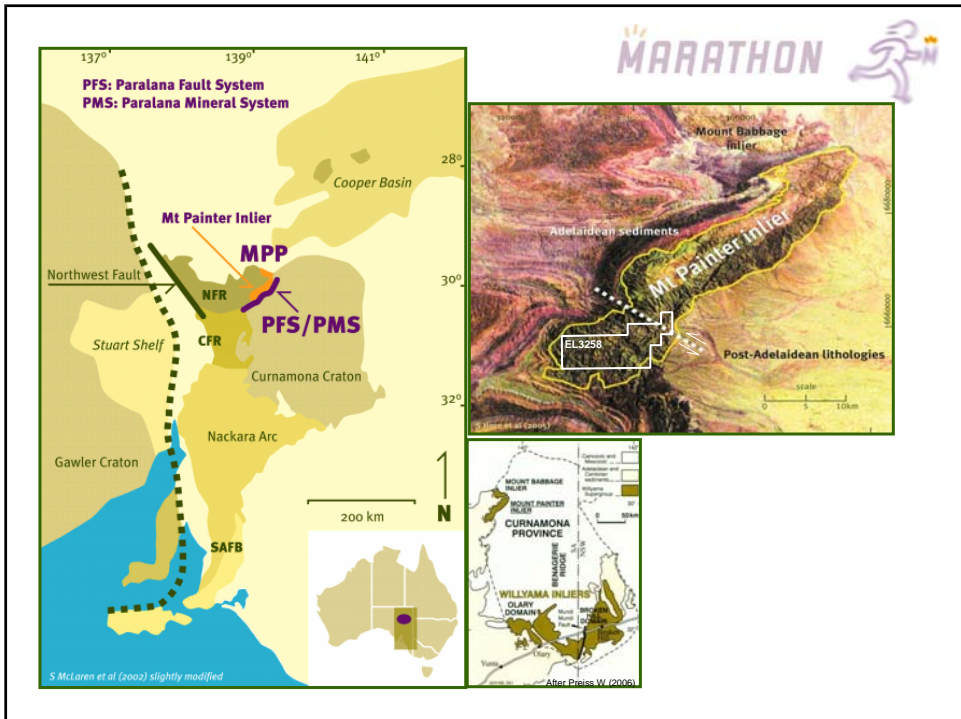
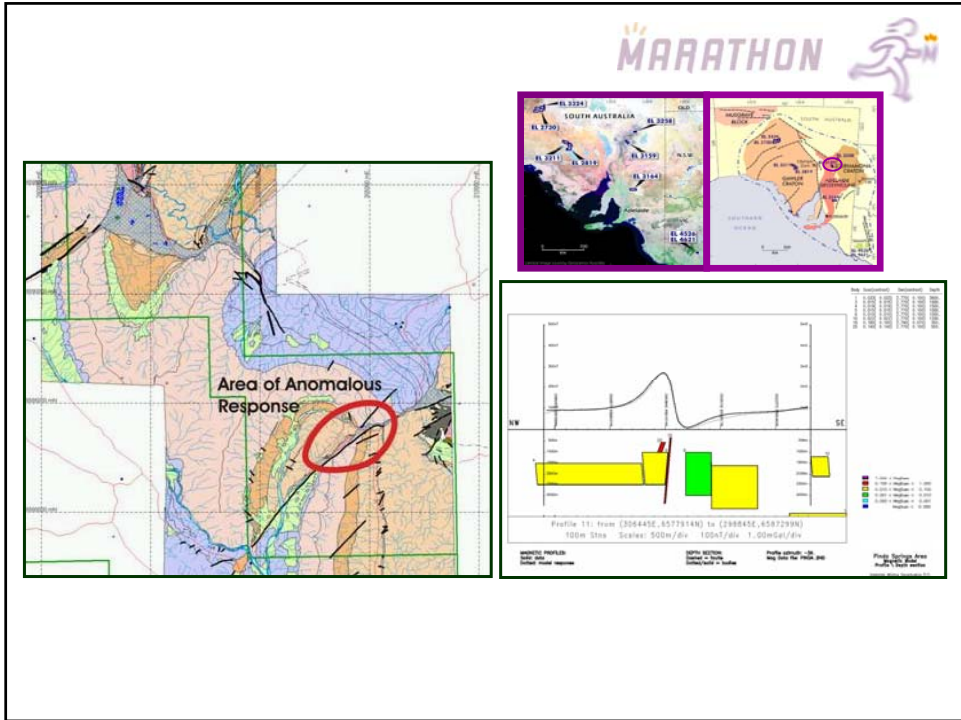


### Uranium tenement status



 **Wild Dog Mine**  
 346t @ 0.36% U<sub>3</sub>O<sub>8</sub>





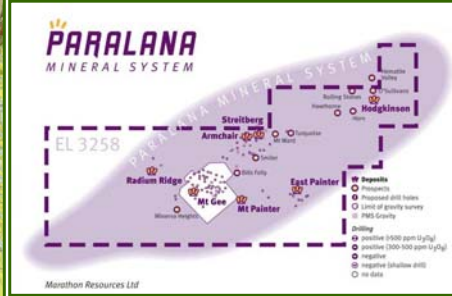
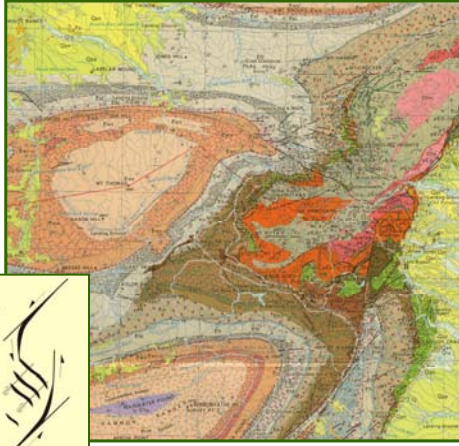
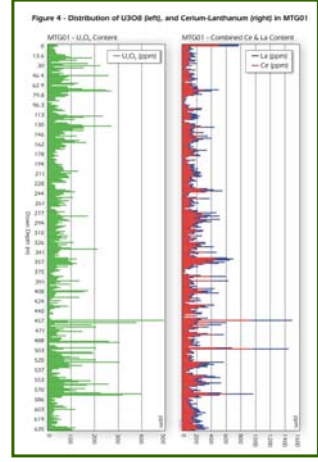
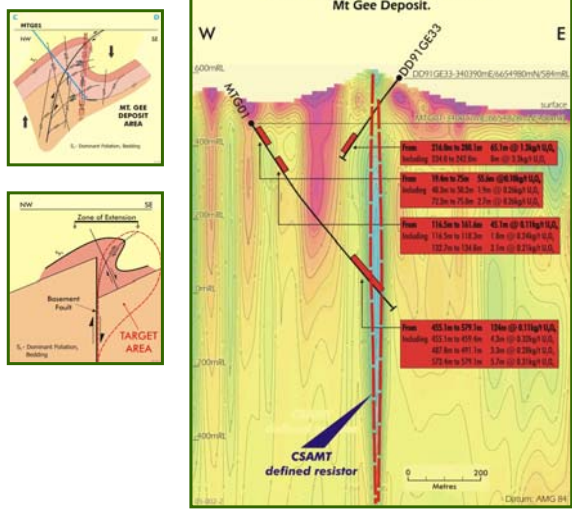
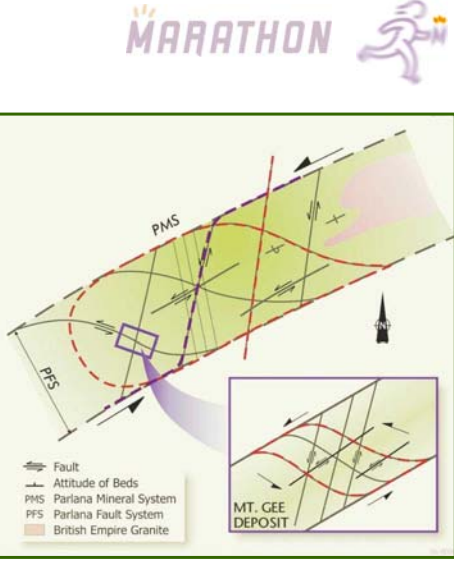
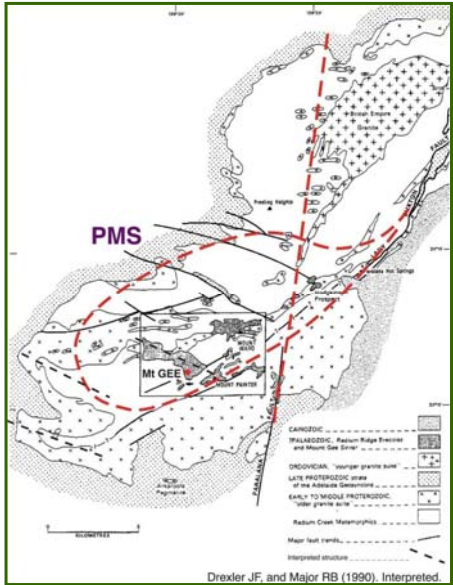
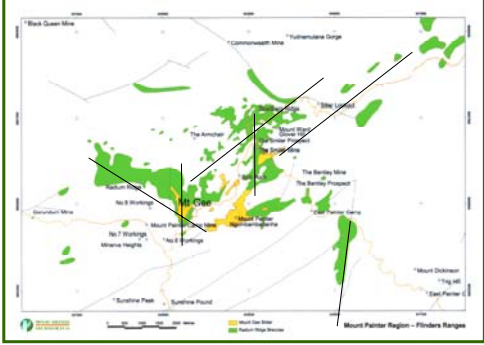
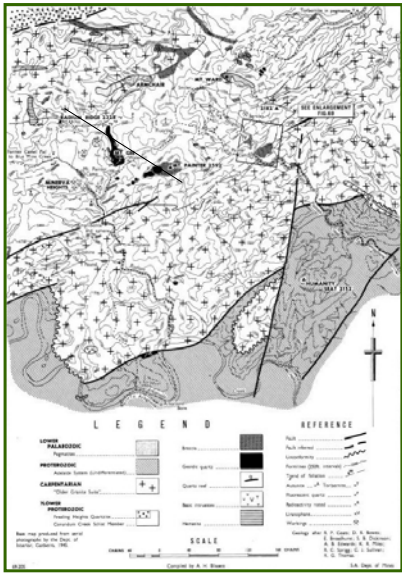
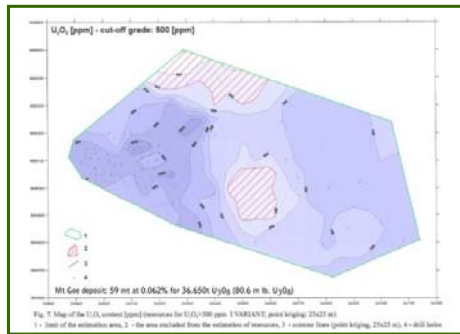
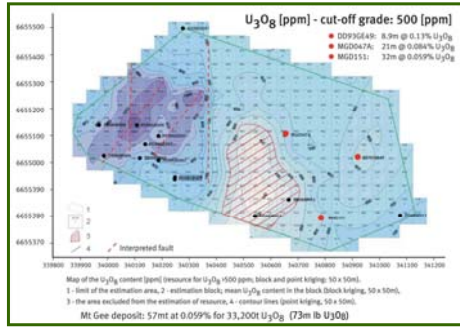
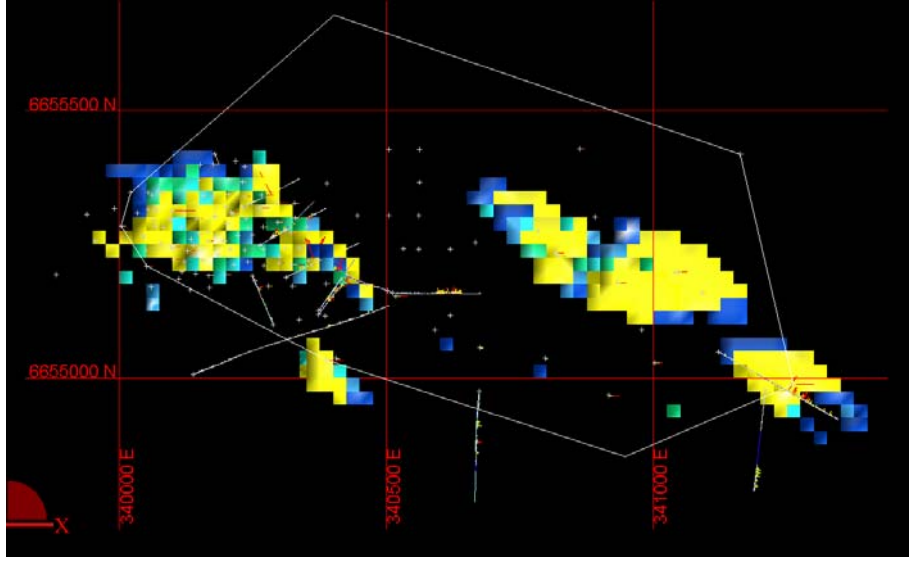


Figure 2 - Cross-section Showing Drillhole with U<sub>308</sub> Distribution and CSAMT Resistor. Mt Gee Deposit.

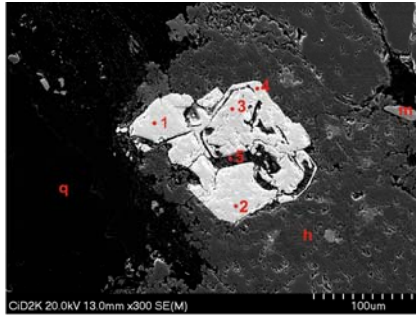




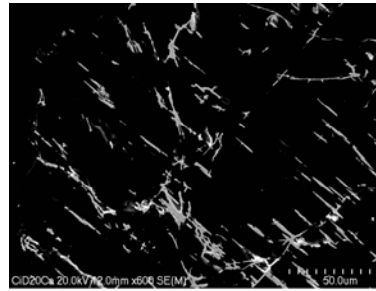


Name of drillcore	From [m]	To [m]	Background	U <sub>3</sub> O <sub>8</sub> (ppm)	From [m]	To [m]	Radiation
DD92GE 49	232	238.2	100 cps	354	232	233	1100 cps
				1611	233	236	1500 cps
				1592	234	235	1800 cps
				1946	235	236	1600 cps
				1946	236	237	1600 cps
				425	237	238	1200 cps

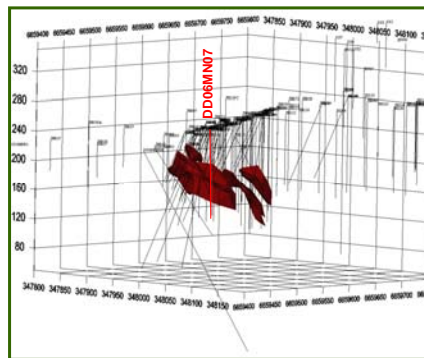
**Mt Gee deposit**



**Fig. II-1.** SEM picture of large, euhedral uraninite crystals enclosed by large hematite platy crystals. Note that hematite caused some  $UO_2$  leaching before the last  $UO_2$  zone was deposited. The last overgrowth of zoned  $UO_2$  is separated by a thin hematite zone indicating that uraninite is younger than large hematite II blades. The last ones started to grow before the last zone of  $UO_2$ .  
Arabic numerals denote microprobe analyses.  
m – monazite, h – hematite, q – quartz  
Sample CID 2; Mt Gee area; drill hole DD06MN08, depth 72,2 m

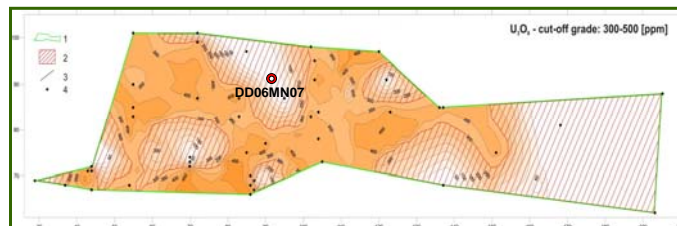


**Fig. II-35.** SEM picture of uraninite (white) filling up microfractures in K-feldspar. Part of microfractures in K-feldspar follows up cleavage, part cross-cut them, and has been induced by oblique tectonic stress.  
Sample CID20Ca; Hodgkinson area; drill hole DD05MN04, depth 53,5 m



Ore samples				
Name of drillcore	Depth [m]	Sample No	Radiation	Background
DD06MN07	58.5	CID26	950 cps	130 cps

**Hodgkinson deposit**  
11,497ppm (1.15%  $U_3O_8$ ) / 11.5kg/t  $U_3O_8$





**Annual General Meeting  
16 November 2006**

*The Way Forward*

**Dr John Santich**  
*Chief Executive Officer*

**Company information**



**AGM November 2005**

- ~ 1000 shareholders
- ~ \$3 million cash at bank
- ~ \$15 million market cap
- ~ 29.0m shares quoted

**AGM November 2006 (subject to approval)**

- ~ 1900 shareholders
- ~ \$10 million cash at bank
- ~ \$50 million market cap
- ~ 43.7m shares quoted

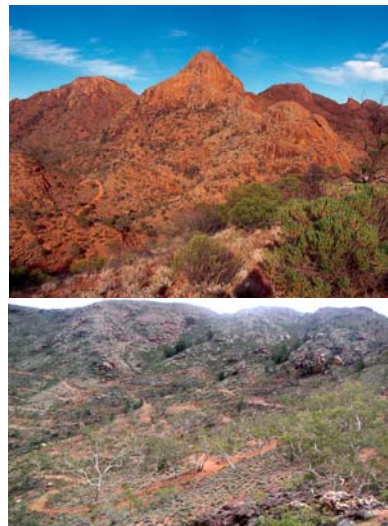
**Current Project Status**

- *exploration on track*
- *defined resource*
- *commenced scoping*
- *additional corporate expertise*
- *building alliances*

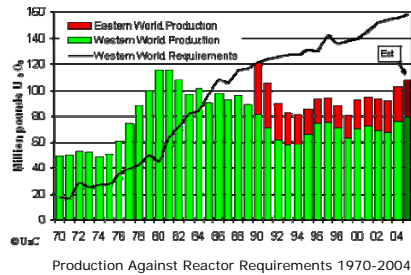
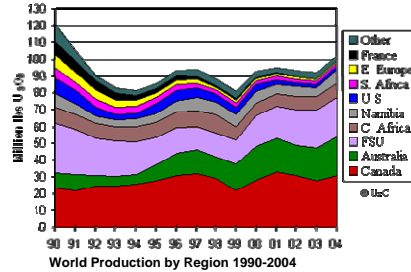
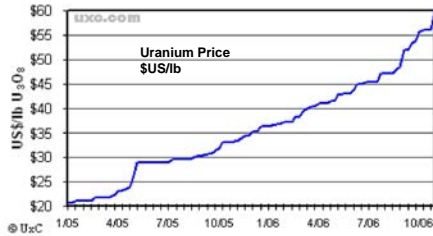
Area of focus



Paralana Mineral System  
Mt Gee uranium deposit

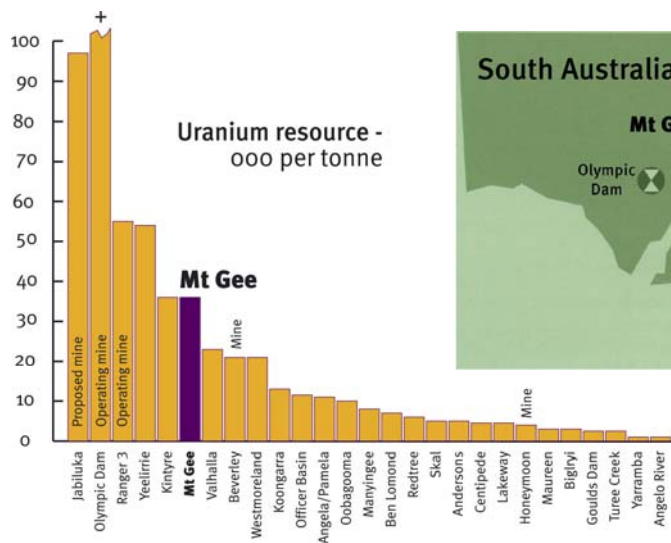


# Uranium market overview



Source: UxC.com

# Paralana Mineral System Mt Gee deposit in context



Source: Summit (revised)

# Uranium Policy in Australia - Favouring mining & export



## An increasingly large supplier of uranium

- ◆ Federal Government intent on increasing exports
- ◆ Major new enquiry to promote uranium underway
- ◆ Major exporter of uranium >20% world production
- ◆ Several existing producers
- ◆ Some 40% of known world uranium reserves
- ◆ Stable political environment
- ◆ Strictly monitored production and supply
- ◆ Signatory to Nuclear Proliferation Treaty
- ◆ Vicinity of expanding and emerging markets

## A shift in Labour uranium policy all in favour of uranium mining/export



South Australian Premier



Federal Labour Leader

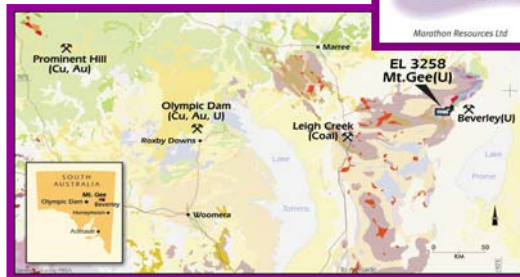


Federal Labour Energy Minister

# Paralana Mineral System EL3258 location & outline



EL 3258 location with respect to major deposits



Paralana Mineral System within tenement outline

## Paralana Mineral System Mt Gee resource estimate



**Table 1: 1,000 ppm U<sub>3</sub>O<sub>8</sub> cut off**

U <sub>3</sub> O <sub>8</sub> Cut off	Method	N	Content [ppm]	Mineralisation [M tonnes]	Resources [tonnes U <sub>3</sub> O <sub>8</sub> ]	Resources [M lb U <sub>3</sub> O <sub>8</sub> ]
1,000ppm (estimate August 2006)	Y	88 (67)	1330	10.1	13,496	29.7

**Table 2: 500 ppm U<sub>3</sub>O<sub>8</sub> cut off**

500ppm (updated estimate - August 2006)	KM	88 (84)	748	32.6	24,416	53.7
	Y	88 (84)	810	25.4	20,573	45.3
500ppm (previous estimate - August 2005)	KM	48	730	34.0	24,808	54.6

**Table 3: 500 ppm U<sub>3</sub>O<sub>8</sub> cut off (extended area)**

500ppm (updated estimate - August 2006)	KM	88 (84)	750	39.0	29,228	64.3
	Y	88 (84)	813	29.9	24,286	53.4

**Table 4: 300ppm U<sub>3</sub>O<sub>8</sub> cut off**

300ppm (updated estimate - August 2006)	KM	89 (59)	621	59.0	36,639	80.6
	Y	89 (59)	685	45.6	31,255	68.8
300ppm (previous estimate - August 2005)	KM	48	582	57.0	33,200	73.0

*N* – number of drill holes, *()* – number of drill holes meeting the estimation criteria, *KM* - uranium resource and average deposit parameters estimated by ordinary kriging Method, *Y* - uranium resource and average deposit parameters estimated by kriging method employing Yamamoto correction

## Scoping and pre-feasibility Mt Gee deposit



Engaged Coffey Mining Pty Ltd

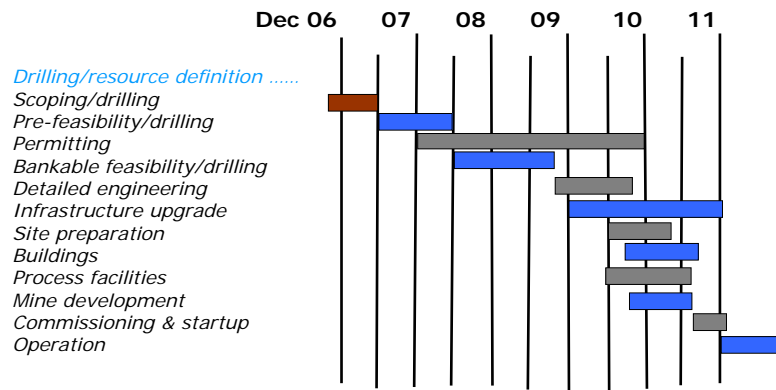
Scoping commenced 24 October 2006

- ◆ Design capacity 1 million tpa
- ◆ Anticipated capex AUD100-200 million
- ◆ Output around 1,000 t U<sub>3</sub>O<sub>8</sub> pa



- ▶ Geology
- ▶ Geotechnical
- ▶ Hydrogeological
- ▶ Mine Planning
- ▶ Infrastructure Requirements
- ▶ Process Engineering
- ▶ Markets
- ▶ Permitting
- ▶ Reporting
- ▶ Clearances
- ▶ Environmental requirements
- ▶ Water usage and discharge.
- ▶ Dust suppression
- ▶ Pre-operational noise levels
- ▶ Operational monitoring requirements
- ▶ Ground disturbance/rehabilitation
- ▶ Community relations requirements
- ▶ OH & S
- ▶ Financial Analysis
- ▶ Operational Capital & Operating costs

## Typical development timetable



### Highlights

- ◆ Exploration Licence covering system wholly owned by Marathon
- ◆ Marathon demonstrated a coherent uranium rich mineral system
- ◆ Mineral system includes specific focii forming uranium deposits
- ◆ Mt Gee alone 59 million tonnes @ 0.062% (**80 million pounds**) U<sub>3</sub>O<sub>8</sub>
- ◆ Deposit is open to the south and east and at depth
- ◆ System model shows potential for expansion and further deposits
- ◆ *Near Olympic Dam, one of the world's largest uranium mines*
- ◆ *South Australia hosts some 40% of the world's known uranium*
- ◆ *South Australian Government is committed to uranium mining*

