

Tuesday, 9 January 2007

**COMPANY ANNOUNCEMENTS OFFICE
 AUSTRALIAN STOCK EXCHANGE**

ASX CODE MTN



PARALANA MINERAL SYSTEM
SIGNIFICANT INTERCEPTS FROM DRILLING AT MT GEE
UPDATE OF CURRENT RESOURCE DRILLING

Marathon Resources is pleased to announce that recent drilling at Mt Gee has intersected significant uranium mineralisation in the western part of the deposit. The Mt Gee deposit is part of the 11-12 km NE extending uranium-rich Paralana Mineral System within Marathon's 100% owned EL 3258 (Figure 1).

Downhole gamma logging results from RC06MN22 and another 12 gamma logged holes of the Mt Gee drilling program (see Summary of Intercepts in the table below) demonstrate the presence of high grade mineralisation and significant thickness of intersections, including:

RC06MN17:	98 to 128m:	30m @ 0.08% eU₃O₈
<i>Including</i>	<i>98 to 104m:</i>	<i>6m @ 0.15% eU₃O₈</i>
	<i>114 to 118m:</i>	<i>4m @ 0.22% eU₃O₈</i>
RC06MN21:	171 to 188m:	17m @ 0.07% e U₃O₈
<i>Including</i>	<i>171 to 179m:</i>	<i>8m @ 0.11% eU₃O₈</i>
RC06MN22:	153 to 230m:	77m @ 0.12% eU₃O₈
<i>Including</i>	<i>174 to 185m:</i>	<i>11m @ 0.16% eU₃O₈</i>
	<i>204 to 208m:</i>	<i>4m @ 0.19% eU₃O₈</i>
RC06MN25:	113 to 182m:	69m @ 0.07% eU₃O₈
<i>Including</i>	<i>117 to 182m:</i>	<i>5m @ 0.14% eU₃O₈</i>

It should be emphasised that these results are preliminary and the gamma logging will be confirmed by geochemical analysis. The gamma tool used in the logging program was calibrated at the Adelaide Model test pits prior to the commencement of logging.

Analysis of the new drilling data demonstrates that increased thickness and high grade zones are focused approximately 150 m north-west of the area identified by Exoil, CRA (Rio Tinto) and Goldstream Resources in their exploration drilling programs in the past (Figure 2). Results of those programs yielded the chemical analyses indicated below:

Exoil MG101:	169.2 to 210.3m	41.1m @ 0.16% U₃O₈
CRA DD91GE33:	234.0 to 281.1m	47.1m @ 0.16% U₃O₈
Goldstream PD99GE03:	148.0 to 196.0m	48.0m @ 0.17% U₃O₈

The new Marathon's drill hole intersections suggest a much larger extent of high grade and very thick mineralisation along the north-west trend, as previously interpreted based on historical drilling results, and the results are consistent with the Company's exploration and resource model of the deposit.

The purpose of the current drilling is to upgrade the resource definition of the Mt Gee deposit from inferred to indicated and/or measured category. During the period 17.11 - 18.12.2006, the first 18 drill holes, all located in the western part of the deposit, for about 3,500 m RC drilling of the 93

hole 20,000 m drilling program, were completed. Some 2,000 samples from the 18 holes drilled up to date were sent to the assay laboratory. The results of the laboratory analyses will be released from time to time in 2007 as soon as they become available.

The Mt Gee deposit, with its Inferred Resource of 45.5 million tonnes of uranium mineralisation averaging 0.068% U_3O_8 , or 69 million pounds of contained U_3O_8 , is one of Australia's largest undeveloped uranium deposits.

As noted in the Company's ASX Release of 19 December 2006, the current drilling program at Mt Gee was suspended on 18 December 2006 for the Christmas break with 18 holes completed. Drilling recommenced on 4 January 2007.

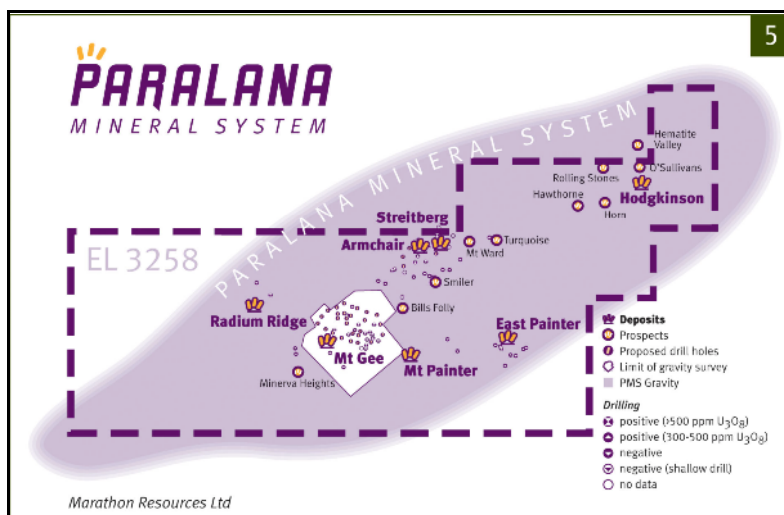


Figure 1: Paralana Mineral System, Mt Gee deposit, EL 3258, Flinders Ranges

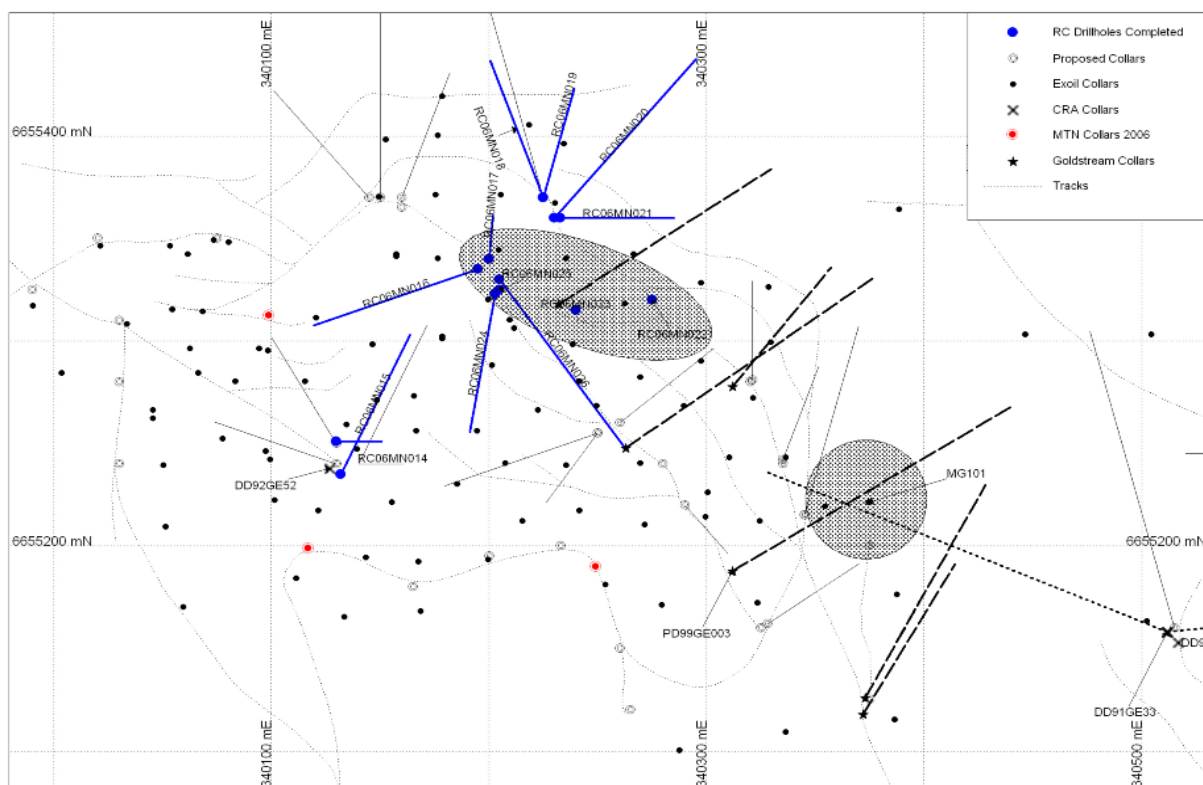


Figure 2 Proposed and completed drill holes location and interpreted high grade areas shaded, Mt Gee west.

Summary of intercepts - downhole gamma logging:

Hole ID	From	To	m	eU ₃ O ₈ ppm	eU ₃ O ₈ %
RC06MN014	23	29	6	679	0.07
RC06MN014	33	41	8	970	0.09
RC06MN015	65	70	5	684	0.07
RC06MN015	76	80	4	823	0.08
RC06MN016	114	135	21	879	0.09
RC06MN017	98	128	30	844	0.08
RC06MN017	98	104	6	1514	0.15
RC06MN017	113	128	15	940	0.09
including	114	118	4	2171	0.22
RC06MN017	133	142	9	596	0.06
RC06MN018	Inaccessible				
RC06MN019	46	64	18	901	0.09
RC06MN019	67	79	12	734	0.07
RC06MN019	82	90	8	569	0.06
RC06MN020	74	84	10	749	0.07
RC06MN020	93	97	4	627	0.06
RC06MN021	171	188	17	733	0.07
RC06MN021	171	179	8	1124	0.11
RC06MN022	139	142	3	963	0.09
RC06MN022	153	230	77	1201	0.12
Including	174	185	11	1564	0.16
	204	208	4	1956	0.19
RC06MN023	25	41	16	773	0.08
RC06MN024	65	72	7	745	0.07
RC06MN024	104	123	19	633	0.06
RC06MN025	113	182	69	748	0.07
Including	177	182	5	1449	0.14
RC06MN026	Inaccessible				

Drill hole collar information:

Hole ID	East (MGA)	North (MGA)	RL	Bearing	Dip	Total Depth (m)
RC06MN014	340130	6655251	518	90	-80	120
RC06MN015	340132	6655235	519	25	-60	150
RC06MN016	340195	6655335	563	250	-65	190
RC06MN017	340200	6655340	554	5	-85	246
RC06MN018	340225	6655370	575	340	-60	142
RC06MN019	340225	6655370	575	15	-80	318
RC06MN020	340230	6655360	575	40	-70	296
RC06MN021	340233	6655360	575	90	-80	300
RC06MN022	340275	6655320	571	0	-90	234
RC06MN023	340240	6655315	560	0	-90	200
RC06MN024	340203	6655323	555	190	-70	200
RC06MN025	340205	6655325	555	0	-90	200
RC06MN026	340205	6655330	549	145	-60	199
MG101	340374	6655221	584	0	-90	213.4
DD91GE33	340512	6655158	564	293	-48	298.4
PD99GE003	340312	6655188	553	58	-65	357

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.

Contact**Company**

Dr John Santich
Chief Executive Officer
Telephone (08) 8366 2500

Investor Relations

Mr Rod North
Bourse Communications
Telephone (03) 9510 8309
Mobile 0408 670 706