

Chairman's Address

Marathon Resources AGM, Friday 28 November 2008

I have pleasure in addressing shareholders at the Fifth Annual General meeting of Marathon Resources.

The year to which my address relates has been in two halves and I will make some comments about both of them, and also provide you with a summary of our current activities and plans.

The first half of the year was devoted principally to continuing the resource analysis of our Mt Gee uranium deposit, raising funds for a continuation of that program and the preparation of material required for a pre-feasibility study and Environmental Impact Statement (EIS). The company will lodge an application under the Environment Protection and Biodiversity Conservation Act, and we expect too, that the South Australian Government will require the same comprehensive information which attaches to an EIS. Marathon will be working through the technical assessment, public and stakeholder consultation and viability analysis over the next 18 months.

In January 2008 we were advised by Primary Industries and Resources SA (PIRSA) that it was conducting an investigation with the Environment Protection Authority (EPA) on the disposal of exploration materials at Mt Gee. In February 2008 the company accepted the restrictions imposed on it by PIRSA and we have cooperated fully with PIRSA, the EPA and the Government to address the problem and to implement a satisfactory rectification plan.

Marathon maintained that there was no significant environmental risk to visitors or wildlife at Arkaroola and this was confirmed by PIRSA and the EPA

The company has accepted responsibility for the unauthorised burial of the drill cuttings and the suspension of our drilling program profoundly affected us. It has led to a major review of our structure, our culture, our practices and indeed all operational processes and the way our people conduct themselves. This was essential to address properly the issues surrounding the rectification of the Mt Gee site and in restoring the damage to our reputation.

The review culminated in the release by Marathon of a major Policy Paper in August 2008 titled “Learning from Waste in the Wilderness”. We wrote to shareholders and distributed the paper widely to ensure all stakeholders were aware of the extent to which we acknowledged our shortcomings and more importantly how we had changed our policies and operations. Marathon has understood and learned from the mistakes made and we have strengthened our culture and practices to reflect environmentally responsible and respectful exploration activities.

I was pleased that the focus of our attention on our culture, our people and our operations provided the opportunity to re-examine the context in which our exploration activities were being conducted. We did need to review the risks associated with uranium exploration and mining and we needed to communicate a vision for sustainable development. The industry at large now has a template in our Policy Paper which helps make all explorers accountable and transparent in dealings with stakeholders especially in the critical areas of engagement with the public and those opposed to any development.

There are two key messages I can deliver from the experience of 2008, apart from the resolutions we made and the commitments we gave in the Policy Paper:

1. Mining can co-exist with other industries and indeed a successful and profitable mining operation can provide the means and infrastructure for sustainable development all round which otherwise may not be possible; and
2. The successful development of large scale uranium mines is vitally important to Australia’s future – and particularly to South Australia. After Jabiluka and three prospects in West Australia, Mt Gee ranks next at this stage in size of Australia’s undeveloped uranium resources. Profitable mining operations for uranium will require production of 1000t p.a. of U₃O₈ over a mine life of 15 -20 years in order to amortise the capital investment and to manage the risks involved. Therefore those projects which are large are the ones which will attract the major mining houses of the world and Mt Gee does satisfy this critical size and scale requirement. Because it is large it will also be capable of producing a substantial revenue stream to the South Australian Government – in fact our modelling shows a royalty stream to the Government in excess of \$150m over a mine life of 20 years.

I am pleased to report that the rectification of the affected areas of the Mt Gee exploration licence area commenced on 17 November 2008 and to date drill cuttings and other material have been satisfactorily removed from the Hodgkinson and Mt Gee West sites. We are making good progress with the pit at Mt Gee East. There will be approximately 200kgs of rubbish removed consisting mainly of calico and plastic bags and some remnants of drill cuttings, some discarded clothing and packaging. The material will be scanned to ensure it is non-radioactive and is benign. It is not a health hazard to those involved in the rectification or to wildlife.

Marathon will complete a report to PIRSA on completion of the rectification and they will in turn report to Government. PIRSA has directed all stakeholders that they will issue public statements on the rectification.

Marathon continues to be confident that we can proceed with the next phase of the Mt Gee development. We are currently undertaking further streaming and radiometric work on the site and it is our intention to apply for a further drilling program as soon as the rectification work is completed and approved. 2009 will be a busy year as we will be concentrating on the requirements for an EIS study preceding detailed feasibility analysis of the project.

The world market for uranium looks encouraging despite the global financial meltdown and fall in commodity process. The emerging economies still predict good growth rates over the next few years despite the setbacks of recent times and much of the planned growth is predicated on the availability and production of nuclear energy. Producers, operators and Governments will still need to manage security and storage issues with the same dedication and commitment given to resolving climate change and carbon emission problems. Marathon is committed to playing its part in all of these issues. The company and this State could lead the world in bringing co-existence of mining with other industries to a sustainable level by creating economic benefits as well as satisfying all reasonable social, indigenous and environmental factors.

This task can only be achieved if the resource is of sufficient size and quality – Mt Gee has those attributes.

We have great confidence in this project bringing significant benefits to Marathon, its shareholders, South Australia and Australia.

There have been several changes to the Marathon Board during this year and I want firstly to pay tribute to Dr John Santich and Dr Vic Bogacz who retired as Executive Directors and from the Board in June 2008. John and Vic were the founding directors of the company and guided Marathon from listing to exploration to the identification of the Paralana Mineral System and the Mt. Gee resource. Their contributions were of enormous technical merit and the company is pleased to be able to have their advice in the future.

Chris Schacht, a former Senator and Minister in the Federal Parliament, joined the Board in January 2008 and his extensive parliamentary and trade experience, especially with China, has been already and will continue to be of substantial value to Marathon.

Dr Shad Linley became a director in June 2008 and his previous experience as CEO of the major zinc refinery group Sun Metals Corporation in Townsville gives him the wealth of experience necessary for Marathon's plans to develop a uranium mine. Shad is the nominee of Talbot Group Holdings on the Board and he replaced Denis Wood who represented Talbot for several years.

We thank Denis for his guidance too and welcome Shad and Chris to the Board.

On behalf of my co-directors and our shareholders, I pay particular tribute to the staff of Marathon who have been subjected to more pressure this year than we would ordinarily choose. They have examined every part of our structure and processes, they have resolved to implement the best systems available, they have recruited some real talent, and they all have applied determination and professionalism in difficult times. Just this week we were delighted to announce the appointment of Dr Dan Tyson and Amy Tucker to key executive roles.

Therefore, I thank you Ian McRae and your staff on your application and resolve.

There are challenges ahead for us and we can meet them. We have put together a cohesive team of directors and staff which is complemented by some extraordinarily talented consultants in technical, professional and service areas. Your Board is confident that we can bring the vision to reality and I look forward to reporting on our progress during the next year.

Thank you

Peter Williams
Chairman
Marathon Resources

2007 - 2008 in Review

Divided into two halves

- To December 2007
 - Resources upgrade
 - Funding
- To December 2008
 - PIRSA/EPA investigation
 - Review of Company
 - Policy Paper



Policy Paper

- Risks with uranium exploration
- Sensitivity of location, environment and owners
- Sustainable development
- Commitment



Key Messages

1. Co-existence of mining and other industries
2. Large scale resource opportunities
 - Royalty stream



Summary of Resources Available in Major Deposits and Prospective Mines (extract)

Deposit	Grade U3O8	Contained U3O8	Category
Jabiluka, NT	0.50%	59 000	Reserves
	0.54%	57 700	inferred resources
	0.43%	21 700	measured & indicated resources
Yeelirrie, WA	0.15%	52 500	indicated resources
Mulga Rock, WA	0.11%	46 500	resources
Kintyre, WA	0.15-0.4%	36 000	reserves & resources
Mt Gee, SA	0.065%	31 400	inferred resources
Valhalla, Qld	0.080%	16 900	indicated resources
	0.075%	9 000	inferred resources
Beverley Four Mile, SA	no data yet	15 000	inferred resources
Crocker Well, SA	0.048%	8 576	resources
Honeymoon, SA	0.42%, 0.24%	2 900	indicated resources
Billeroo West (Gould Dam), SA	0.045%, 0.33 %	2 500	indicated resources

Source: Australian Uranium Association July 2008



Mt Gee Rectification and Program

- Rectification plan and implementation
- Report on rectification
- Next step



World market for Energy and Uranium

- Uranium outlook encouraging
- Emerging economies
- Climate change and carbon emissions
- Co-existence of sustainable mining



Board & Staff

- Board
- Staff
- Conclusion



THANK YOU

