

MARATHON RESOURCES LIMITED
ACN 107 531 822

ASX ANNOUNCEMENT

3 November 2008

- **MARATHON RIGHTS ISSUE TO RAISE UP TO \$7.77 MILLION**
- **TALBOT GROUP AND CITIC AUSTRALIA TO UNDERWRITE UP TO \$4 MILLION**

Marathon Resources Ltd (ASX Code: MTN) (**Marathon**) today announced a two (2) for five (5) non-renounceable pro rata rights issue at an issue price of \$0.32 per new Marathon share (**Rights Issue**).

The issue price represents a discount of 30 % to the closing price of Marathon's Shares on 31 October 2008 of \$0.46 per Share and a discount of 2% to the volume weighted average price of Marathon shares during the 5 trading day period to, and including, 31 October 2008, rounded down to the nearest whole cent.

The Rights Issue will raise a maximum of \$7.77 million if all rights are taken up (based on Marathon's undiluted share capital).

The proceeds from the Rights Issue will be used to fund Marathon's general working capital requirements and further exploration and development of its mining tenements. This includes the next stage in the development of Marathon's Mt Gee uranium project in South Australia's Northern Flinders Ranges, which will involve a new drilling program (subject to obtaining all necessary government approvals to that program) and commencement of an Environmental Impact Statement.

The Rights Issue will be conducted without a prospectus in accordance with the new streamlined offering provisions of the Corporations Act.

Talbot Group Holdings Pty Ltd (**Talbot**) and CITIC Australia Pty Ltd (**CITIC**), who together hold approximately 20.9% of Marathon's issued share capital, have together agreed to underwrite up to \$4 million of the Rights Issue in total (inclusive of their respective entitlements under the Rights Issue). As a result, the Rights Issue will raise at least \$4 million (before the costs and expenses of the Rights Issue).

Holders of existing options to subscribe for Marathon shares have been given notice of their right to exercise their options in order to be eligible to participate in the Rights Issue in respect of the shares underlying their options.

If there is any shortfall in subscriptions under the Rights Issue, in addition to that underwritten by Talbot and CITIC, Marathon Directors reserve the right to place that shortfall in their discretion and in accordance with ASX Listing Rule 7.2.

Full details of the Rights Issue, including details of the underwriting, are set out in the Offer Memorandum and Appendix 3B lodged with the Australian Securities Exchange (**ASX**) today.

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of rights issue – Announcement of rights issue, Offer Memorandum and ASX Appendix 3B lodged with ASX	Monday 3 November 2008
Ex date – The date on which Shares commence trading without the entitlement to participate in the Rights Issue	Thursday 6 November 2008
Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue	Wednesday 12 November 2008
Offer Memorandum sent to Shareholders – dispatch of Offer Memorandum and Entitlement and Acceptance Forms, and lodgment of cleansing notice – Rights Issue opens for acceptances	Tuesday 18 November 2008
Closing Date – The last day for receipt of acceptance forms (5.00pm Adelaide time)	Tuesday 2 December 2008
Securities quoted on a deferred settlement basis	Wednesday 3 December 2008
Shortfall notification date	No later than Friday 5 December 2008
Dispatch date – Allotment of New Shares. Deferred settlement trading ends.	No later than Wednesday 10 December 2008
Expected commencement of normal trading in New Shares on ASX	Thursday 11 December 2008
Despatch of holding statements to Shareholders who accepted the Offer	Monday 15 December 2008

In the interests of ensuring the market is fully informed, set out below is the information Marathon would have been required to notify to ASX under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (the **Act**) had Marathon been obliged to lodge with ASX a cleansing statement in relation to the Rights Issue at the time of announcing the Rights Issue:

- (1) the securities being offered under the Rights Issue will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (2) as at the date of this announcement Marathon has complied with the provisions of Chapter 2M of the Act as they apply to Marathon and section 674 of the Act;
- (3) as at the date of this announcement there is no information that is excluded information under section 708AA(8) and (9) of the Act that has not already been disclosed to investors generally or in the Offer Memorandum and Appendix 3B lodged with ASX today;

(4) the potential effect the Rights Issue will have on the control of Marathon's undiluted share capital will depend on the extent shareholders take up their entitlements. If all shareholders take up their entitlements the Rights Issue will have no effect on the control of Marathon. The maximum effect the Rights Issue could have on the control of Marathon is an increase in the percentage of the total issued share capital of Marathon held by Talbot and CITIC, Marathon's two substantial shareholders, from 20.9% to a maximum of 34.39% in aggregate;

(5) the consequences of the potential effect on control of Marathon referred to in paragraph (4) above will be an increase in the voting power of the substantial shareholders referred to in that paragraph by an amount equal to the percentage increase in their control of Marathon's undiluted share capital. The maximum combined voting power that Talbot and CITIC could collectively have post the Rights Issue is 34.39%. Also, Talbot and CITIC each have one nominee director on the board of Marathon.

For further information contact:

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Notes to Editor

Marathon Resources is a minerals exploration company focused on the development of Mt Gee, one of Australia's largest undeveloped uranium deposits.

The Mt Gee project is located within the Paralana Mineral System of South Australia, a uranium rich state which is home to the world's largest uranium deposit at Olympic Dam.

Work at Marathon's Mt Gee project continues on all non-drilling parts of our exploration activities, including a gravity survey program commenced last week.

As announced previously, Marathon's Rectification Plan for the clean up at Mt Gee has been approved. We are awaiting instructions from PIRSA on a date to commence the clean-up.

Marathon's portfolio also includes highly prospective copper-gold-uranium properties in the Gawler Craton of South Australia.

The Company has gold and copper-gold projects in other parts of South Australia and western Victoria, including first copper-gold and base metal (silver-lead-zinc) projects in the Adelaide Geosyncline in South Australia and a prospective copper-gold project in the Moyston Fault Zone in Victoria.

Marathon also has a joint venture with listed uranium explorer Uranium SA Ltd (ASX: USA), in which the company holds a 7% stake; and with Primary Resources Ltd (ASX: PRZ) in the Warburton Project in Western Australia.

Marathon Resources listed on the Australian Securities Exchange on 15 March 2005, under the stock code MTN.

www.marathonresources.com.au



MARATHON RESOURCES LIMITED
ACN 107 531 822

RIGHTS ISSUE
OFFER MEMORANDUM

3 November 2008

\$7.77 million non-renounceable 2 for 5 rights issue of up to 24.3 million New Shares at an issue price of \$0.32 per New Share (partially underwritten to \$4million)

CLOSING DATE: 5.00pm Adelaide time on 2 December 2008

THIS IS AN IMPORTANT DOCUMENT. IF YOU DO NOT UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

IMPORTANT NOTICES

This Offer Memorandum includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

No offer is made by this Offer Memorandum in any jurisdiction outside of Australia and New Zealand. The distribution of this Offer Memorandum within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Offer Memorandum comes should inform themselves about and observe any such restrictions.

CHAIRMAN'S LETTER

3 November 2008

Dear Marathon Shareholder,

Marathon Resources Limited (**Marathon**) invites you to participate in a non-renounceable rights issue of up to 24,296,115 New Shares in total (based on Marathon's undiluted share capital, without taking into account the impact of rounding) to raise up to \$7.77 million.

The rights issue offers you the right to take up two (2) New Shares for every five (5) Shares you hold as at 5.00pm Adelaide time on 12 November 2008 at an issue price of \$0.32 per New Share.

The Offer provides you with an opportunity to increase your investment in Marathon at an attractive price. The issue price of the New Shares represents a discount of 30 % to the closing market price of Marathon's Shares on 31 October 2008 of \$0.46 per Share and a discount of 2% to the volume weighted average price of Marathon shares during the 5 trading day period to, and including, 31 October 2008, rounded down to the nearest whole cent.

The Offer will be conducted without a prospectus in accordance with the new streamlined offering provisions of the Corporations Act.

As a strong indication of Talbot Group Holdings Pty Ltd's (**Talbot**) and CITIC Australia Pty Ltd's (**CITIC**) continued support for Marathon and their positive outlook for its future, Talbot and CITIC, who together hold approximately 20.9% of Marathon's undiluted issued share capital, have together agreed to underwrite the rights issue up to \$4 million (inclusive of their respective Entitlements). This support from Talbot and CITIC guarantees that a minimum of \$4 million will be raised under the Offer (before costs and expenses of the rights issue). Details of the underwriting are set out in this Offer Memorandum.

Marathon intends to use the proceeds raised from the Offer for its general working capital requirements and for further exploration and development of its mining tenements. This includes the next stage in the development of Marathon's Mt Gee uranium project in South Australia's Northern Flinders Ranges, which will involve a new drilling program (subject to obtaining all necessary government approvals to that program) and the commencement of an Environmental Impact Statement.

The Directors are confident Mt Gee continues to represent excellent resource potential, justifying an additional investment to extend the drilling and development program at Mt Gee. This is reinforced by the resource upgrade at the Mt Gee uranium deposit to 31,400 tonnes of contained uranium oxide in 51 million tonnes of mineralization with an average grade of 615 parts per million, announced on 2 September 2008. This resource upgrade confirmed the Mt Gee uranium project as one of Australia's largest undeveloped uranium deposits.

As announced on 11 August 2008, Marathon has received formal notification from the Department of Primary Industries and Resources South Australia (**PIRSA**) that the comprehensive Rectification Plan for the cleanup of unauthorised waste buried within EL 3258 has been approved. The Marathon Board is confident that once the Rectification Plan has been implemented and the waste removed, the suspension on its exploration activities at 2 drills sites at Mt Gee (RC07MN061-62) will be lifted by PIRSA.

Your Directors consider that Marathon has a positive future and recommend this Offer to you as an opportunity to participate further in its future.

You are encouraged to read this Offer Memorandum and the accompanying Entitlement and Acceptance Form fully. If you have any queries in relation to the Offer, you should consult your stockbroker or other professional adviser.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Williams', written in a cursive style.

Peter L Williams
Chairman

KEY DATES

The indicative timetable for the rights issue is as follows:

EVENT	DATE
Announcement of rights issue – Announcement of rights issue, Offer Memorandum and ASX Appendix 3B lodged with ASX	Monday 3 November 2008
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Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue	Wednesday 12 November 2008
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Subject to the ASX Listing Rules and the terms of the Underwriting Agreement, the Directors reserve the right to vary the dates for the Offer at their discretion. Should this occur, then the extension will have a consequential effect on the anticipated date of issue and normal trading of the New Shares.

CORPORATE DIRECTORY

Directors

Mr Peter Williams - Chairman
Dr John G (Shad) Linley - Non-Executive Director
Mr Chen Zeng - Non-Executive Director
Mr Chris Schacht - Non Executive Director

Secretary

Mr Stuart Appleyard

Registered Office

235 Port Road
Hindmarsh SA 5007
Australia

Telephone: +61 8 8348 3500
Facsimile: +61 8 8346 8111

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000
Australia

Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5066
Australia

Lawyers

Watsons Lawyers
60 Wellington Square
North Adelaide SA 5006
Australia

Web site: www.marathonresources.com.au

SECTION 1: DETAILS OF THE OFFER

1. Offer

Marathon offers each of its Shareholders New Shares in Marathon under a non-renounceable rights issue. Each Shareholder is entitled to subscribe for two (2) New Shares for every five (5) Shares held by that Shareholder as at the Record Date at an issue price of \$0.32 per New Share.

The issue price of the New Shares represents a discount of 30 % to the closing market price of Marathon's Shares on 31 October 2008 of \$0.46 per and a discount of 2% to the volume weighted average price of Marathon shares during the 5 trading day period to, and including, 31 October 2008, rounded down to the nearest whole cent.

If a Shareholder becomes entitled to a fraction of a Share, the entitlement will be rounded up to the nearest whole number.

The New Shares will be fully paid and will rank equally in all respects with Marathon's existing Shares on issue.

2. What is my entitlement?

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form (**Entitlement**). You can subscribe for all, or part, of your Entitlement to New Shares. You may also subscribe for additional Shortfall Shares if you subscribe for your maximum Entitlement. Detailed instructions on how to accept all or part of your Entitlement are set out in Section 3.

Please note that if you choose not to accept your Entitlement under the Rights Issue your shareholding in Marathon will be diluted to the extent that the Rights Issue is taken up by other Shareholders and underwritten by Marathon's substantial shareholders, Talbot and CITIC.

3. Shortfall Shares

In addition to being able to apply for New Shares in the manner described in paragraph 2 above, Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for New Shares that are not subscribed for under the Offer (**Shortfall Shares**), subject to the limitations set out in Section 4.

4. Opening and closing dates

The Offer opens for receipt of acceptances on Tuesday 18 November 2008.

The closing date and time for acceptances and payments is 5.00pm Adelaide time on Tuesday 2 December 2008, subject to the Directors

varying the closing date in accordance with the Listing Rules and the terms of the Underwriting Agreement.

5. Who is entitled to participate in the Offer?

Each Shareholder with a registered address in Australia or New Zealand, who is registered as the holder of Shares at 5.00pm Adelaide time on Wednesday, 12 November 2008, is entitled to participate in the Offer in respect of the number of Shares that person is then registered as the holder of.

6. Offer not made to Excluded Shareholders

Marathon has decided that it is unreasonable to make the Offer to shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of shareholders in such places, the number and value of the New Shares they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions. The number of Shares held by shareholders who have registered addresses in countries outside of Australia and New Zealand as at close of trading on 31 October 2008 (**Excluded Shareholders**) was 423,731 Shares.

This Offer Memorandum does not constitute an offer to Excluded Shareholders and the Offer Memorandum will not be sent to Excluded Shareholders.

This Offer Memorandum and accompanying Entitlement and Acceptance Form do not constitute an offer for securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. Shareholders holding Shares on behalf of persons who are resident outside of Australia or New Zealand are responsible for ensuring that subscribing for the New Shares under the Rights Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations. Where the Offer Memorandum has been dispatched to Shareholders domiciled in a country outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Offer, the Offer Memorandum and accompanying Entitlement and Acceptance Form are provided for information purposes only.

7. Effect on share capital

The effect of the Offer on the capital structure of Marathon will be as follows:

Shares	Number
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Number on issue at 31 October 2008 (the trading day immediately prior to announcement of the Offer)	60,740,287
Maximum number to be issued under the Offer	24,296,115
Maximum number on issue following the Offer	85,036,402

The figures in the table above are based on the undiluted share capital of Marathon and, in the case of the maximum number of shares on issue following the Offer assumes all Shareholders take up their Entitlements in full. The figures are also approximate as individual Entitlements will be rounded up to the nearest whole figure.

There are 4,630,700 unlisted options to subscribe for Shares currently on issue. If any of these options are exercised prior to the Record Date this will also impact the maximum number of New Shares to be issued under the Offer.

The potential effect the Rights Issue will have on the control of Marathon's undiluted share capital will depend on the extent Shareholders take up their Entitlements. If all Shareholders take up their Entitlements the Offer will have no effect on the control of Marathon. Accordingly, the Directors encourage Shareholders to take up their Entitlements to reduce the effect of the Offer on the control of Marathon. The maximum effect the Offer could have on the control of Marathon is an increase in the percentage of the total issued share capital of Marathon held by Talbot and CITIC, Marathon's two substantial shareholders, from 20.9% to a maximum of 34.39% in aggregate.

The consequences of the potential effect on control of Marathon referred to above will be an increase in the voting power of Talbot and CITIC by an amount equal to the percentage increase in their control of Marathon's undiluted share capital. The maximum combined voting power that Talbot and CITIC could collectively have post the Offer is 34.39%. Also, Talbot and CITIC each have one nominee director on the board of Marathon.

The Directors have elected to allow Marathon's substantial Shareholders, CITIC and Talbot, to underwrite the Offer, as they consider the terms of their underwriting is more favourable than Marathon would be able to secure with professional underwriters, if they could in fact secure such professional underwriting at all, in the current market conditions.

8. Renounceability

The Offer is non-renounceable. This means that your right to subscribe for New Shares under the Offer is not transferable. Any Entitlements not

taken up by Shareholders will be dealt with in accordance with Section 4 of this Offer Memorandum.

9. Underwriting

The Offer is partially underwritten by Marathon's substantial Shareholders, Talbot and CITIC for up to \$4 million in aggregate, or 12.5 million Shares (inclusive of their Entitlements). Accordingly, the Offer will raise at least \$4 million.

As between CITIC and Talbot, they will each underwrite the Offer up to \$2 million or 6,250,000 Shares (inclusive of their respective Entitlements). To the extent this underwriting commitment requires CITIC to subscribe for a number of Shares which would result in its total shareholding exceeding 14.99% (**Excess Underwritten Shares**), CITIC's subscription for the Excess Underwritten Shares will be subject to CITIC obtaining FIRB approval to that subscription. If FIRB approval is not obtained, Talbot will subscribe for the Excess Underwritten Shares in place of CITIC.

Under the terms of the Underwriting Agreement, Talbot and CITIC will receive a fee for providing the underwriting service, for an amount equal to 3% of the total amount raised under the Offer. If the Offer is fully subscribed, the maximum fee that would be paid to Talbot and CITIC is \$233,243 in total or \$116,621 each.

The obligations of Talbot and CITIC under the Underwriting Agreement are conditional on the following:

- a) if required by law, Marathon lodging this Offer Memorandum with ASIC and ASX on 3 November 2008;
- b) ASX having not indicated to the Company or the Underwriters that it will not grant permission to the official quotation of the New Shares to be issued under the Offer before 3pm on 9 December 2008;
- c) the Company delivering to the Underwriters a certificate in respect of the Shortfall under the Offer by the 2nd business day after the Closing Date; and
- d) the Underwriting Agreement not being terminated on or before 10 December 2008.

Talbot and CITIC can each terminate their respective obligations under the Underwriting Agreement if any of the following events occur:

- a) the Company materially breaches the Underwriting Agreement or any of the warranties given by the Company ceases to be or are found not to have been true and correct in all respects;
- b) a prescribed occurrence (as specified in section 652C of the Corporations Act, and applied as if Marathon was a target company within the meaning of Chapter 6 of the Corporations Act) occurs in

relation to the Company or a related body corporate of the Company, other than an issue of securities or other event which is disclosed in the Offer Memorandum;

- c) there is a material misstatement or inaccuracy in or a material omission in this Offer Memorandum or any statement in the Offer Memorandum (including but not limited to, any representation with respect to any future matter) is or becomes false or misleading in a material respect;
- d) any information supplied by or on behalf of the Company to Talbot and CITIC or any of its respective employees, agents or advisors in relation to the Offer is or becomes misleading or deceptive;
- e) an insolvency event occurs in relation to the Company;
- f) at any time after the date of the Underwriting Agreement, the All Ordinaries Index or the S&P/ASX 200 Index is 10% or more below its level as at the close of trading on the trading day immediately preceding the date of the Underwriting Agreement;
- g) a person who does not control (within the meaning of section 50AA of the Corporations Act) the Company at the date of the Underwriting Agreement attains control of the Company;
- h) the Company's Shares are removed from official quotation on the ASX, or the ASX advises that it will not grant official quotation to the Shares to be issued under the Offer;
- i) an application is made to the Takeovers Panel in relation to the Offer and the application is not withdrawn or disposed of within 14 days after it is made, or the Takeovers Panel makes a declaration of unacceptable circumstances in relation to the Offer or the Underwriting Agreement;
- j) any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer or materially reduces the level or likely level of valid applications under the Offer:
 - a. the introduction of legislation into the parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - b. the public announcement of:
 - i. prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - ii. the reversal of any public announcements made on or before the date of this Agreement in respect of any prospective legislation or policy by the Federal Government or the Government of any State or Territory; or

- iii. the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy;
- k) ASIC gives notice of its intention to hold a hearing in relation to this Offer Memorandum under section 739(2) of the Corporations Act or makes an order under sections 739(1), 739(3) or 739(4) of the Corporations Act;
- l) the Company breaches a material provision of its Constitution, the Listing Rules, the Corporations Act, or of the terms of any instrument or waiver granted by ASIC or ASX in relation to the Offer or this Offer Memorandum;
- m) no material adverse change having occurred between the date of the Underwriting Agreement and the Closing Date, being a change that is materially adverse to the business, financial condition or results of operations or prospects of the Company or any of its subsidiaries, or a change that would result in the obligations of Talbot and CITIC under the Underwriting Agreement becoming materially more onerous than at the date of the Underwriting Agreement;
- n) there is any outbreak of hostilities, or there is a material escalation of existing hostilities, whether war has been declared or not, or a major act of terrorism, which directly involves Australia;
- o) the Company withdraws the Offer Memorandum or the Offer fails to proceed; or
- p) an event specified in the timetable for the Offer is delayed for more than 3 business days.

In accordance with the Listing Rules, any New Shares applied for by Talbot and CITIC pursuant to the Underwriting Agreement will be issued within 15 business days after the Closing Date.

Talbot's and CITIC's commitment to subscribe up to \$4 million under the Offer is evidence of Talbot's and CITIC's continued support of the Company and their positive outlook for the future of the Company and the Mt Gee uranium Project. Marathon is grateful for their continued support.

10. Issue of New Shares

Marathon expects that the New Shares will be issued by no later than 10 December 2008. The issue of New Shares will only be made after permission for their quotation on ASX has been granted. Shares issued to Talbot and CITIC as underwriters will be issued no later than 23 December 2008.

SECTION 2: PURPOSE OF THE OFFER

Funds raised from the Offer will be used to provide general working capital for Marathon's business and fund further exploration and development of its various mining tenements, including:

- a new drilling program at the Mt Gee uranium project, due to start 2009 (subject to obtaining all necessary government approvals) and continuing exploration work including gravity surveys;
- commencement of the Environmental Impact Statement for the Mt Gee uranium project; and
- further exploration and, if warranted, development of Marathon's other mining tenements, including its commitments in respect of the Warburton Joint Venture with Primary Resources in Western Australia, its highly prospective copper-gold-uranium properties in the Gawler Craton in South Australia and its other gold and copper-gold projects in South Australia and Victoria.

The proposed new drilling program at the Mt Gee uranium project will cover an area of ground that is adjacent to, and outside of, the two drill sites (RC07MN061-62) on Mt Gee at which exploration activities have been suspended by PIRSA. Commencement of that new program will be subject to Marathon obtaining all necessary government approvals to the program, including approval by PIRSA of a new Declaration of Environmental Factors for EL 3258. The ability to obtain those approvals could be affected by the current suspension on exploration activities. While the Marathon Board is confident that the suspension will be lifted, there is a risk that the suspension will not be lifted and that this will negatively impact Marathon's ability to explore those parts of EL 3258 that are not the subject of the suspension.

A Private Members Bill was introduced in the South Australian State Parliament in September 2008, in an attempt to amend the *National Parks and Wildlife Act 1972 (SA)* such that rights of exploration and mining will not be able to be acquired or exercised in respect of the Arkaroola-Mt. Painter Sanctuary. This is not the first time such a bill has been tabled before Parliament. Earlier in the year a similar bill, designed to prohibit mining and exploration activities in all wilderness sanctuaries in South Australia, was defeated in the Legislative Council. Whilst there is a risk this new bill could be passed, the Marathon Board believes the risk to be small given the fact that:

- Marathon has committed itself to undertaking all mining operations in the future in an ecologically sensitive manner, to world standards; and
- the Mt Gee uranium project is one of Australia's largest undeveloped uranium deposits and, as such, could generate substantial economic benefits for South Australia.

If Marathon is unable to progress the development of the Mt Gee uranium project due to the current suspension or the passing of the Private Members Bill, Marathon will apply the proceeds raised under the Offer to further

exploration and development of its other projects. In the meantime, however, the Board intends to expedite the development of the Mt Gee uranium project so far as it is able to in order to make up for the delay caused by the suspension and ensure that it is positioned to commence mining operations and realize the outstanding resource at Mt Gee as soon as practicable.

SECTION 3: HOW TO ACCEPT THE OFFER

1. How to take up all or part of your entitlement

To subscribe for New Shares offered to you, please complete the accompanying Entitlement and Acceptance Form according to the instructions on the form for all, or that part of your Entitlement you wish to subscribe for.

You must make payment for the appropriate application monies (at \$0.32 per New Share subscribed) as provided in paragraph 4 below.

Acceptances will not be valid if they are received after the Closing Date.

2. How to apply for Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Entitlement and Acceptance Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form. You must make payment for the appropriate application monies (at \$0.32 per New Share subscribed) as provided in paragraph 4 below.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. As the Offer is underwritten by Talbot and CITIC, Shortfall Shares will only be available to Shareholders if the Offer is undersubscribed by more than \$4 million worth of New Shares. If Marathon receives applications for Shortfall Shares that would result in the Offer being oversubscribed then the Company will not accept such oversubscriptions and will reject applications at its absolute discretion.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

Marathon will not issue Shortfall Shares where to do so would result in a breach of the Corporations Act or the Listing Rules.

3. Lapse of rights

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse.

4. Payment

Payments must be made by 5.00pm Adelaide time on 2 December 2008 and must be in Australian currency and by:

- (a) cheque drawn on and payable at any Australian bank;
- (b) bank draft drawn on and payable at any Australian bank; or
- (c) BPay.

Entitlement and Acceptance Forms, together with cheque or bank draft for the appropriate application monies (at \$0.32 per New Share subscribed) must be sent to Marathon's share registry, Computershare Investor Services Pty Ltd, so that they reach the registry by no later than 5.00pm Adelaide time on 2 December 2008.

If you wish to pay by BPay, you do not need to return the Entitlement and Acceptance Form, you simply need to follow the instructions on the Entitlement and Acceptance Form. Different financial institutions may implement earlier cut off times with regards to electronic payment, so please take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPay are received by the Closing Date.

Acceptances will not be valid if they are received after the Closing Date.

Cheques or bank drafts must be made payable to 'Marathon Resources Limited' and crossed 'Not Negotiable'. Cash payments will not be accepted and receipts for payment will not be provided.

SECTION 4: SUBSCRIPTION SHORTFALL

Under an exception to the Listing Rule 7.1 requirement for shareholder approval to an issue of securities in excess of 15% of the company's issued share capital, the directors of Marathon reserve the right, subject to the Underwriting Agreement and the Listing Rules, to issue any Shortfall Shares at their discretion.

The price at which the Shortfall Shares are issued must not be less than the issue price for the New Shares under the Offer. Shortfall Shares issued to Talbot and CITIC as underwriters will be issued in accordance with the Underwriting Agreement, and in any event not later than 15 business days after the Closing Date. Shortfall Shares not covered by the Underwriting Agreement will be issued within 3 months of the Closing Date.

If there are any Shortfall Shares in addition to those applied for by Shareholders and those covered by the Underwriting Agreement, the Board reserves the right to:

- seek bids from institutions and other prospective investors for the additional Shortfall Shares; and
- determine the issue price (which must not be less than \$0.32 per Share) and allot the Shares on the basis of those bids.

SECTION 5: FURTHER INFORMATION

1. Reliance on Offer Memorandum

This Offer Memorandum has been prepared in accordance with section 708AA of the Corporations Act. In general terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Memorandum is considerably less than the level of disclosure required in a prospectus.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of Marathon, refer to disclosures made by Marathon to ASX (which are available for inspection on the ASX website at www.asx.com.au and on Marathon's website at www.marathonresources.com.au) and seek the advice of your professional adviser.

2. Further information

If you have any questions about your entitlement to New Shares, please contact either:

- Marathon's share registry, Computershare Investor Services Pty Ltd, on 1300 55 61 61 (within Australia) or +61 3 9415 4000 (outside Australia); or
- your stockbroker or professional adviser.

SECTION 6: DEFINED TERMS

In this Offer Memorandum, the following words have the following meanings unless the context requires otherwise:

ASX	Australian Securities Exchange.
CITIC	CITIC Australia Pty Ltd (ACN 006 388 772)
Closing Date	the last date for accepting the Offer, being 5.00pm Adelaide time on 2 December 2008.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of Marathon.

Entitlement	is defined in paragraph 2 of Section 1.
Entitlement and Acceptance Form	The personalised form accompanying this Offer Memorandum.
Excluded Shareholder	a registered holder of Shares with a registered address in a country outside of either Australia or New Zealand.
FIRB	Foreign Investment Review Board
Listing Rules	the official listing rules of ASX Limited.
Marathon or Company	Marathon Resources Limited ACN 107 531 822
New Share	a Share to be issued pursuant to this Offer Memorandum at \$0.32 per Share.
Offer	the offer made under this Offer Memorandum of 2 New Shares for every 5 Shares held by a Shareholder on the Record Date.
Offer Memorandum	this memorandum under which the Offer is being made.
PIRSA	Department of Primary Industry and Resources South Australia
Record Date	5.00pm Adelaide time on 12 November 2008.
Share	a fully paid ordinary share in the capital of Marathon.
Shareholder	a registered holder of Shares with a registered address in either Australia or New Zealand.
Shortfall Shares	is defined in paragraph 3 of Section 1.
Talbot	Talbot Group Holdings Pty Ltd (ACN 010 949 630).

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

**New issue announcement,
application for quotation of additional securities
and agreement**

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

MARATHON RESOURCES LTD

ABN

31 107 531 822

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | ordinary fully paid shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 24,296,115 (maximum based on the undiluted share capital of the company, without taking into account the impact of rounding) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | ordinary fully paid shares pursuant to a non renounceable pro-rata rights issue on the basis of 2 shares for every 5 shares held |

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	rank equally				
	<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
5	Issue price or consideration	\$0.32 per share				
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Funding of next stage of development of Marathon's Mt Gee uranium project which will involve a new drilling program(subject to obtaining all necessary government approvals to that program) and commencement of an Environmental Impact Statement and general working capital for its business, including ongoing exploration activities on its other tenements.				
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	10 December 2008				
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="688 1554 948 1587">Number</th> <th data-bbox="948 1554 1243 1587">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="688 1587 948 1675">85,036,402 (maximum possible)</td> <td data-bbox="948 1587 1243 1675">ordinary shares</td> </tr> </tbody> </table>	Number	+Class	85,036,402 (maximum possible)	ordinary shares
Number	+Class					
85,036,402 (maximum possible)	ordinary shares					

9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		1,055,700	unlisted 20 cent options expiring 30/6/09
	Before the exercise of any options in order to participate in rights issue	30,000	unlisted 20 cent options expiring 30/6/2010
		45,000	unlisted 45 cent options expiring 30/6/2010
		3,000,000	unlisted \$1.18 options expiring 30/6/2011
		500,000	unlisted \$4.36 options expiring, earlier of 6/8/2010, or 12 mths from employment cessation

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non renounceable
13	Ratio in which the +securities will be offered	2 for each 5 held
14	+Class of +securities to which the offer relates	Ordinary fully paid shares

15	+Record date to determine entitlements	12 November 2008
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Round up to next whole number
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Canada China France Germany Hong Kong Hungary Indonesia Nigeria Malaysia Netherlands Singapore Thailand Taiwan United Kingdom United States of America United Arab Emirates Vietnam
19	Closing date for receipt of acceptances or renunciations	2 December 2008
20	Names of any underwriters	Talbot Group Holdings Pty Ltd CITIC Australia Pty Ltd
21	Amount of any underwriting fee or commission	3% on the total amount raised under the rights issue (payable in cash)
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A

25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	18 November 2008
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	30 October 2008
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	10 December 2008

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)**Additional securities forming a new class of securities**

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	<input type="text"/>				
39	Class of +securities for which quotation is sought	<input type="text"/>				
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<input type="text"/>				
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	<input type="text"/>				
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="701 1377 980 1409">Number</th> <th data-bbox="980 1377 1260 1409">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="701 1409 980 1587"> <input type="text"/> </td> <td data-bbox="980 1409 1260 1587"> <input type="text"/> </td> </tr> </tbody> </table>	Number	+Class	<input type="text"/>	<input type="text"/>
Number	+Class					
<input type="text"/>	<input type="text"/>					

Quotation agreement

- 1 Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



.....Date: 3 November 2008

Print name: S M Appleyard
Company Secretary

30 October 2008

Dear Marathon Optionholder

We wish to advise that, on 3 November 2008, Marathon Resources Limited (**Marathon**) will be announcing a two (2) for five (5) non-renounceable pro rata rights issue (**Rights Issue**).

The Rights Issue will be offered at a discount of 2% to the volume weighted average price of Marathon shares during the 5 trading day period to, and including, 31 October 2008, in dollars rounded down to 2 decimal places.

Marathon's substantial shareholders, Talbot Group Holdings Pty Ltd and CITIC Australia Pty Ltd, have together agreed to underwrite up to \$4 million of the Rights Issue in total (inclusive of their respective entitlements under the Rights Issue) for a fee equal to 3% of the total amount raised by the Rights Issue. As a result, the Rights Issue will raise at least \$4 million (before costs and expenses).

The proceeds from the Rights Issue will be used to fund Marathon's general working capital requirements and further exploration and development of its mining tenements. This includes the next stage in the development of Marathon's Mt Gee uranium project in South Australia's Northern Flinders Ranges, which will involve a new drilling program (subject to obtaining all necessary government approvals to that program) and commencement of an Environmental Impact Statement.

Full details of the Rights Issue, including details of the underwriting, will be set out in the announcement of the Rights Issue, Offer Memorandum and Appendix 3B to be lodged with ASX on 3 November 2008.

Under the Rights Issue, every person who is registered as the holder of Marathon Shares at 5.00pm Adelaide time on 12 November 2008 (**Record Date**) will be entitled to participate in the Rights Issue in respect of the number of Shares that person is then registered as the holder of. Shareholders with registered addresses in countries outside of Australia and New Zealand will not be eligible to participate in the Rights Issue.

Accordingly, to be eligible to participate in the Rights Issue in respect of the Marathon Shares to be issued on exercise of the Marathon Options you hold, you must exercise those Marathon Options and be registered as the holder of the underlying Marathon Shares before the Record Date.

The purpose of this letter is to advise you of the impending Rights Issue and to give you adequate opportunity to exercise some or all of your Marathon Options prior to the Record Date so that you may participate in the Rights Issue.

To exercise some or all of your Marathon Options you will need to give notice in writing to Marathon in accordance with the terms and conditions of issue of those Marathon Options together with payment of the exercise price for each Marathon Option exercised.

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of rights issue – Announcement of rights issue, Offer Memorandum and ASX Appendix 3B lodged with ASX	Monday 3 November 2008
Ex date – The date on which Shares commence trading without the entitlement to participate in the Rights Issue	Thursday 6 November 2008
Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue	Wednesday 12 November 2008
Offer Memorandum sent to Shareholders – dispatch of Offer Memorandum and Entitlement and Acceptance Forms, and lodgment of cleansing notice – Rights Issue opens for acceptances	Tuesday 18 November 2008
Closing Date – The last day for receipt of acceptance forms (5.00pm Adelaide time)	Tuesday 2 December 2008
Securities quoted on a deferred settlement basis	Wednesday 3 December 2008
Shortfall notification date	No later than Friday 5 December 2008
Dispatch date – Allotment of New Shares. Deferred settlement trading ends.	No later than Wednesday 10 December 2008
Expected commencement of normal trading in New Shares on ASX	Thursday 11 December 2008
Despatch of holding statements to Shareholders who accepted the Offer	Monday 15 December 2008

Marathon reserves the right to amend this timetable subject to the Listing Rules and the terms of the underwriting agreement with Talbot Group Holdings Pty Ltd and CITIC Australia Pty Ltd.

You are encouraged to read the Rights Issue Offer Memorandum that will be lodged with ASX on 3 November 2008 fully before exercising any of your Marathon Options. If you have any queries in relation to the exercise of your Marathon Options and the Rights Issue, you should consult your stockbroker or other professional adviser.



Peter L Williams
Chairman