
5 November 2008

Manager Companies
Companies Announcements Office
Australian Stock Exchange Limited

By e-mail: ASX On-Line

Dear Sir/Madam

ASX Code: MTN
Advice to Shareholders

Attached please find copy correspondence sent to Shareholders today relating to the recently announced Rights Issue.

Yours faithfully



Sam Appleyard
Company Secretary

5 November 2008

Dear Marathon Shareholder

On 3 November 2008, Marathon Resources Limited (**Marathon**) announced a two (2) for five (5) non-renounceable pro rata rights issue at an issue price of \$0.32 per new Marathon share to raise up to \$7.77 million (**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.

Marathon's substantial shareholders, Talbot Group Holdings Pty Ltd and CITIC Australia Pty Ltd, have together agreed to underwrite up to \$4 million in total of the Rights Issue (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 of the Rights Issue).

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, are set out in the Offer Memorandum and Appendix 3B lodged with ASX on 3 November 2008. The Offer Memorandum is available to download from both the ASX website (at www.asx.com.au) and Marathon's website (at www.marathonresources.com.au) and will be sent out to shareholders on 18 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.

Please note that Marathon shares will be quoted on an "ex" basis from Thursday 6 November 2008, and therefore any Marathon shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.

The Rights Issue is open for acceptance by eligible shareholders from 18 November 2008 until 5.00pm Adelaide time on 2 December 2008 (subject to the Directors varying the closing date in accordance with the Listing Rules).

The table below sets out the number of issued shares at the date of announcement of the Rights Issue and the maximum number of issued shares at completion of the Rights Issue:

Ordinary Shares	Number
Number on issue as at 31 October 2008	60,740,287
* Maximum number to be issued under Rights Issue	24,296,115
* Number on issue following Rights Issue	85,036,402

* This is based on Marathon's undiluted share capital and assumes that all shareholders take up their full entitlements under the Rights Issue. These figures are approximate as individual entitlements under the Rights Issue will be rounded up to the nearest whole figure.

There are currently 4,630,700 options to subscribe for Marathon shares on issue. Notice of the Rights Issue was sent to optionholders on 30 October 2008 in order to enable them to exercise their options prior to the Record Date and participate in the Rights Issue in respect of the shares underlying their options. If all or some of these options are exercised prior to the Record Date this will impact the maximum number of shares to be issued under the Rights Issue.

Shareholder approval is not required for the Rights Issue. Shares issued under the Rights Issue will be issued as fully paid and will rank equally with existing shares in Marathon's share capital.

The Rights Issue does not have a sponsoring broker. The Rights Issue will be conducted without a prospectus in accordance with the new streamlined offering provisions of the Corporations Act.

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 accept 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 Offer Memorandum lodged with ASX on 3 November 2008 fully before making a decision in respect of the Rights Issue. If you have any queries in relation to the Rights Issue, you should consult your stockbroker or other professional adviser.

Yours sincerely



Peter L Williams
Chairman

5 November 2008

Dear Marathon Shareholder

On 3 November 2008, Marathon Resources Limited (**Marathon**) announced a two (2) for five (5) non-renounceable pro rata rights issue at an issue price of \$0.32 per new Marathon share to raise up to \$7.77 million (**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.

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 of the Rights Issue).

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.

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 (**Excluded Shareholders**).

Please note that Marathon shares will be quoted on an "ex" basis from Thursday 6 November 2008, and therefore any Marathon shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.

The Rights Issue is open for acceptance by eligible shareholders from 18 November 2008 until 5.00pm Adelaide time on 2 December 2008 (subject to the Directors varying the closing date in accordance with the Listing Rules).

The table below sets out the number of issued shares at the date of announcement of the Rights Issue and the maximum number of issued shares at completion of the Rights Issue:

Shares	Number
Number on issue at 31 October 2008	60,740,287
Maximum number to be issued under the Offer	24,296,115
Maximum number on issue following the Offer	85,036,402

* This is based on Marathon's undiluted share capital and assumes that all shareholders take up their full entitlements under the Rights Issue. These figures are approximate as individual entitlements under the Rights Issue will be rounded up to the nearest whole figure.

There are currently 4,630,700 options to subscribe for Marathon shares on issue. Notice of the Rights Issue was sent to optionholders on 30 October 2008 in order to enable them to exercise their options prior to the Record Date and participate in the Rights Issue in respect of the shares underlying their options. If all or some of these options are exercised prior to the Record Date this will impact the maximum number of shares to be issued under the Rights Issue.

Shareholder approval is not required for the Rights Issue. Shares issued under the Rights Issue will be issued as fully paid and will rank equally with existing shares in Marathon's share capital.

Marathon has decided that it is unreasonable to make the Rights Issue available to shareholders outside Australia and New Zealand having regard to:

- the small number of shareholders with addresses outside these countries;
- the number and value of the shares they hold; and
- the cost of complying with the legal requirements and the requirements of the regulatory authorities in each of the countries concerned.

We regret that the Rights Issue is therefore not extended to Excluded Shareholders and Excluded Shareholders will not receive a copy of the Offer Document and Entitlement and Acceptance Form.

No action has been taken to register or qualify the Offer Document and Entitlement and Acceptance Form, or the Rights Issue or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand. Information regarding the Rights Issue can be viewed on the ASX website.

Yours sincerely

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

Peter L Williams
Chairman

MARATHON RIGHTS ISSUE – PROPOSED TIMETABLE

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
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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