

MARATHON RESOURCES LIMITED
ACN 107 531 822

ASX ANNOUNCEMENT

28 September 2007

- **MARATHON RIGHTS ISSUE TO RAISE UP TO \$27 MILLION**
- **TALBOT GROUP AND CITIC AUSTRALIA TO TAKE UP ENTITLEMENTS**

Marathon Resources Ltd (ASX Code: MTN) (**Marathon**) today announced a one (1) for five (5) non-renounceable pro rata rights issue at an issue price of \$2.50 per new Marathon share. The issue price represents a discount of 25% to the closing price of Marathon's shares on 27 September 2007.

The Rights Issue will raise a maximum of \$27 million if all rights are taken up (based on Marathon's undiluted share capital).

Proceeds will be used to fund the next stage in the development of Marathon's Mt Gee uranium project in South Australia's Northern Flinders Ranges, further exploration of its other mining tenements, as well as general working capital requirements.

The Rights Issue will not be underwritten and 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 19.59% of Marathon's issued share capital, intend to accept in full their respective entitlements under the Rights Issue, subject to any internal corporate approval required.

In addition, Marathon's Directors, who collectively control 11.23% of the Company's issued share capital, intend to take up their entitlements in respect of the shares they respectively control.

If Talbot, CITIC and the Marathon Directors take up their respective entitlements in full the issue will raise at least \$8,371,832.

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, 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 are set out in the Offer Memorandum and Appendix 3B lodged with the Australian Stock 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	Friday 28 September 2007
Ex date – The date on which Shares commence trading without the entitlement to participate in the Offer	Wednesday 3 October 2007
Record date – the date for determining entitlements of Shareholders to participate in the Offer	Tuesday 9 October 2007
Offer Memorandum sent to Shareholders – dispatch of Offer Memorandum and Entitlement and Acceptance Forms, and lodgment of cleansing notice – Offer opens	Friday 12 October 2007
Closing Date – The last day for receipt of acceptance forms (5.00pm Adelaide time)	Friday 26 October 2007
New Shares quoted on deferred settlement basis	Monday 29 October 2007
Shortfall notification date	No later than Wednesday 31 October 2007
Dispatch date – dispatch of holding statement for New Shares. Deferred settlement trading ends.	No later than Monday 5 November 2007
Expected commencement of normal trading in New Shares on ASX	Tuesday 6 November 2007

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 is as follows:
 - (a) If all shareholders take up their entitlements under the Rights Issue, the Rights Issue will have no effect on the control of Marathon.
 - (b) If the Rights Issue is subscribed to the extent of 50%, with Talbot, CITIC and the Directors fully subscribing their entitlements in respect of the shares they respectively control, the Rights Issue will have the following effects on control of Marathon's undiluted share capital, measured as an increase in substantial shareholdings:

- (i) Talbot's and CITIC's collective control will increase from 19.59% to 21.38%;¹ and
 - (ii) the Directors' collective control will increase from 11.23% to 12.25%.
- (c) If all shareholders do not take up their entitlements under the Rights Issue other than Talbot, CITIC and the Directors who fully subscribe their entitlements in respect of the shares they respectively control, the Rights Issue will have the following effects on control of Marathon's undiluted share capital, measured as an increase in substantial shareholdings:
- (i) Talbot's and CITIC's collective control will increase from 19.59% to 22.14%; and
 - (ii) the Directors' collective control will increase from 11.23% to 12.69%.
- (5) The consequences of the potential effect on control of Marathon referred to in paragraph (4)(b) 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. Given that the maximum control any of those substantial shareholders will have post the Rights Issue is 22.14%, the Board is of the view that none of those substantial shareholders will control Marathon within the meaning of section 50AA(1) of the Act.

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.

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 based 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

¹ Talbot and CITIC are "associates" of each other for the purposes of the *Corporations Act 2001* (Cth) and, therefore, collectively currently control 19.59% of Marathon's undiluted share capital