

On 28 September 2007, Marathon Resources Ltd (ASX Code: MTN) (**Marathon**) announced a one (1) for five (5) non-renounceable pro rata rights issue at an issue price of \$2.50 per new Marathon share (**Rights Issue**).

Marathon wishes to revise the indicative timetable for the Rights Issue to take into account the following:

- the Rights Issue is made without a disclosure document under the new section 708AA of the *Corporations Act 2001* (Cth) and, therefore, deferred settlement trading is not available for shares issued under the Rights Issue (**New Shares**);
- New Shares will be allotted by Monday 5 November 2007, but holding statements will not be dispatched to Shareholders until after this date; and
- the expected date for the commencement of normal trading in New Shares on the ASX is Wednesday 7 November 2007 (ASX being closed for trading on Tuesday 6 November 2007).

The indicative timetable for the Rights Issue is now 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 Marathon 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 |
| Shortfall notification date | No later than Wednesday 31 October 2007 |
| Dispatch date – Allotment of New Shares | No later than Monday 5 November 2007 |

Marathon reserves the right to amend this timetable subject to the ASX Listing Rules.

Attached is a revised Offer Memorandum incorporating the revised indicative timetable and clarifying the payment options available in respect of acceptances under the Rights Issue.

For further information contact:

Stuart Hall
Chief Executive Officer
Marathon Resources
(08) 8348 3500

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 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



RIGHTS ISSUE

OFFER MEMORANDUM

\$27 million non-renounceable 1 for 5 rights issue of up to 10.8 million New Shares at an issue price of \$2.50 per New Share

CLOSING DATE: 5.00pm Adelaide time on 26 October 2007

***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.***

FORWARD LOOKING STATEMENTS

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.

CHAIRMAN'S LETTER

28 September 2007

Dear Marathon Shareholder,

Marathon Resources Limited (**Marathon**) invites you to participate in a non-renounceable rights issue of up to 10,801,239 New Shares in total (based on Marathon's undiluted share capital, without taking into account the impact of rounding) to raise up to \$27 million.

The rights issue offers you the right to take up one (1) New Share for every five (5) Shares you hold as at 5.00pm Adelaide time on 9 October 2007 at an issue price of \$2.50 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 25% to both the closing market price of Marathon's Shares on 27 September 2007 of \$3.33 per Share and the volume weighted average market price of Marathon's Shares during the period 3 September 2007 to 27 September 2007 of \$3.36 per Share.

The issue is not underwritten and will be conducted without a prospectus in accordance with the new streamlined offering provisions of the Corporations Act.

The proceeds from the issue will primarily be used to fund the next stage in the development of Marathon's Mt Gee uranium project in South Australia's Northern Flinders Ranges, with the remainder providing general working capital for its business, including to fund further exploration of its other mining tenements.

Talbot Group Holdings Pty Ltd (**Talbot**) and CITIC Australia Pty Ltd (**CITIC**), which together hold approximately 19.59% of Marathon's undiluted issued share capital, intend to subscribe for their respective full entitlements under the rights offer (subject to any internal corporate approval required), indicating their continued support for the Company and their positive outlook for its future. In addition, Marathon's Directors, who collectively control 11.23% of Marathon's undiluted issued Share capital, intend to take up their entitlements in respect of the Shares they control. If Talbot, CITIC and the Directors take up their respective entitlements in full, the issue will raise at least \$8,371,832.

During the last 12 months, Marathon has made significant progress in its further development of the Mt Gee project. This progress has included:

- completion of a major drilling program at Mt Gee in the second quarter of 2007;
- successful completion of a final scoping study by Coffey Mining Pty Ltd (a subsidiary of Coffey International Ltd) on the possibility of mining the Mt Gee deposit;
- commencing a 6 month programme of data acquisition in preparation for the pre-feasibility study of Mt Gee due to start in early 2008; and
- commencing an extensive programme of drilling at Mt Gee, which is planned to cover the entire resource area and be completed by mid 2008.

Whilst this progress has led to some downgrading of the Mt Gee resource estimate from the August 2006 estimate (see Marathon's announcement to the ASX on 17 September 2007), it has also resulted in an upgrade of a portion of the resource from Inferred Resource to Indicated

Resource status. Further, the revised resource estimate is based on only 60% of the previous estimate area, with approximately 40% of the resource area requiring further drilling. As one of the largest undeveloped uranium deposits in Australia, the Directors are confident Mt Gee continues to represent excellent resource potential, justifying the additional investment Marathon is making to extend the drilling and development program at Mt Gee.

The market is beginning to reward the progress Marathon is making with its development of the Mt Gee project by way of an increase in its Share price over the last 12 months. While Marathon's Share price recently suffered a decline (falling to \$2.55 on 22 August 2007 from a high of \$6.75 on 29 June 2007), which coincided with the decline in the uranium oxide price (falling from US\$136 per pound of U₃O₈ to US\$90 per pound of U₃O₈ over the same period), an appreciation of the Australian Dollar and the depreciation in the share market generally, Marathon Directors believe the market will continue to reward Marathon's progress through the stages to mineral production and that there is significant potential for the value of Marathon to be re-rated in line with the value of more advanced uranium companies as each stage of the development of the Mt Gee project is successfully completed. The Board recommends this Offer to you as an opportunity to further benefit from this potential.

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,



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 | 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 |
| Shortfall notification date | No later than Wednesday 31 October 2007 |
| Dispatch date – Allotment of New Shares. | No later than Monday 5 November 2007 |
| Expected commencement of normal trading in New Shares on ASX | Wednesday 7 November 2007 |

Marathon reserves the right to amend this timetable subject to the Listing Rules.

CORPORATE DIRECTORY

Directors

Mr Peter Williams - Chairman
Mr John Santich - Executive Director
Mr Vic Bogacz - Executive Director
Mr Dennis Wood - Non-Executive Director
Mr Chen Zeng - 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 one (1) New Share for every five (5) Shares held by that Shareholder as at the Record Date at an issue price of \$2.50 per New Share.

The issue price of the New Shares under the Offer represents a 25% discount to both the closing price of Marathon's Shares on 27 September 2007 of \$3.33 per Share and the volume weighted average market price of Marathon's Shares during the period 3 September 2007 to 27 September 2007 of \$3.36 per Share.

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. You can subscribe for all, or part, of your entitlement to New Shares. 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.

3. Opening and closing dates

The Offer opens for receipt of acceptances on 12 October 2007.

The closing date and time for acceptances and payments is 5.00pm Adelaide time on 26 October 2007, subject to the Directors varying the closing date in accordance with the Listing Rules.

4. 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 9 October 2007, is entitled to participate in the Offer in respect of the number of Shares that person is then registered as the holder of.

5. 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 August 2007 was 331,296 Shares.

This Offer Memorandum is, therefore, being sent to those shareholders (**Excluded Shareholders**) for information purposes only. This Offer Memorandum does not constitute an offer 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.

6. Renounceability

The Offer is non-renounceable. This means that your right to subscribe for New Shares under the Offer is not transferable. Any Rights not taken up by Shareholders will be dealt with in accordance with Section 4 of this Offer Memorandum.

7. Issue of New Shares

Marathon expects that the New Shares will be issued by no later than 5 November 2007. The issue of New Shares will only be made after permission for their quotation on ASX has been granted.

SECTION 2: PURPOSE OF THE OFFER

1. Purpose of Offer

The primary purpose of the Offer is to raise capital to fund the next stage in the development of Marathon's Mt Gee uranium project. The next stage involves:

- A pre-feasibility study of the project due to start in early 2008;
- A 6 month data acquisition programme (which commenced in July 2007) in preparation for the commencement of the pre-feasibility study; and
- depending on the results of the pre-feasibility study, a bankable feasibility study scheduled to commence in late 2008.

Funds raised from the Offer will also be used to:

- fund the further exploration and, if warranted, development of Marathon's other mining tenements, including 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; and
- provide general working capital for Marathon's business.

2. Additional funding

Depending on the extent to which the Offer is taken up, Marathon may require funds in addition to those raised under the Offer in order to fully implement and carry out the next stage in the development of the Mt Gee project. To this end, Marathon has been considering additional funding options, and has entered into discussions with a third party for a placement of approximately 10% of the Company's issued share capital at premium to the market price of Marathon's shares. If Marathon determines that additional funding is necessary and the negotiation of the placement (or other funding option) proves successful, you will be advised promptly.

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 the part you wish to subscribe for, of your entitlement to New Shares.

Completed Entitlement and Acceptance Forms, together with a cheque or bank draft in payment for all New Shares you wish to subscribe for (unless you elect to pay by BPAY), must be sent to Marathon's share registry, Computershare Investor Services Pty Ltd, in the reply paid envelope or to GPO Box 1903, Adelaide SA 5001, so that they reach the registry by no later than 5.00pm Adelaide time on 26 October 2007.

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

2. Lapse of rights

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

3. Payment

Entitlement and Acceptance Forms must be accompanied by payment in full of \$2.50 per New Share subscribed for (unless you elect to pay by BPAY).

Payments must be made by 5.00pm Adelaide time on 26 October 2007 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.

To pay by BPAY follow the instructions on the Entitlement and Acceptance Form and make sure you include your reference number.

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, Marathon may issue any shortfall (being the number of New Shares for which subscriptions are not received before the Closing Date) at the discretion of the Directors, provided that:

- (a) the price at which the shortfall is issued is not less than the issue price for the New Shares under the Offer; and
- (b) the shortfall (or any part of it) is issued within 3 months of the Closing Date.

If there is such a shortfall, the Board reserves the right to utilize this exception to Listing Rule 7.1, in which case, the Board may:

- seek bids from institutions and other prospective investors for the Shares comprising the shortfall; and
- determine the issue price 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:

- (a) Marathon's share registry, Computershare Investor Services Pty Ltd, on 1300 55 61 61 (within Australia) or +61 8 8236 2300 (outside Australia); or
- (b) 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.

| | |
|--|---|
| Closing Date | the last date for accepting the Offer, being 5.00pm Adelaide time on 26 October 2007. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Directors | the directors of Marathon. |
| Entitlement and Acceptance Form | the form accompanying this Offer Memorandum, which is particularized for each Shareholder. |
| Excluded Shareholder | a registered holder of Shares with a registered address in a country outside of either Australia or New Zealand. |
| 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 \$2.50 per Share. |
| Offer | the offer made under this Offer Memorandum of 1 New Share for every 5 Shares held by a Shareholder on the Record Date. |
| Offer Memorandum | this memorandum under which the Offer is being made. |
| Record Date | 5.00pm Adelaide time on 9 October 2007. |
| Right | the right of a Shareholder to subscribe for 1 New Share for every 5 Shares held by that Shareholder on the Record Date. |
| 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. |