



Marathon Resources Ltd
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ASX 31:007 531 032

3 March 2008

Mr Justin Nelson
Manager, Issuers (Adelaide)
ASX Limited

By email: Justin.nelson@asx.com.au

Dear Sir,

We refer to your letter dated 28 February 2008.

Specific responses

Our responses to your specific queries raised in your letter are set out below.

1. The Company did not consider that the information contained in the Media Statement dated 16 January 2008 ("**Media Statement**") was material to the Company in terms of the listing rules and, in particular, listing rule 3.1.

The Company did consider that the information contained in the Shareholder Update dated 22 January 2008 and released to the ASX ("**Announcement**") was significant in light of changes to its share price over the preceding weeks in January 2008 and also the continuing media interest and speculation in relation to the Company's environmental practices surrounding the Mt Gee project.

However, as indicated in the Shareholder Update, the Company was not aware of any specific reason for the changes in and volatility with its share price. In addition, the issuance of the Announcement confirming that the Company was not aware of any specific reason for changes in its share price was prompted by a call to it by the ASX on Monday 21 January requesting that the Company make a statement due to the volatility in its share price. This call was made to Dr John Santich at the Company from the ASX late afternoon on Monday 21 January.

2. The Company did not consider the information in the Media Statement to be material. At the time of the issuance of the Media Statement, the Company determined that the announced PIRSA investigation was at a preliminary stage and was seen as an operational matter that would be unlikely to have a material effect on the price or value of the shares in the Company

It issued the Media Statement solely in response to a News Release issued earlier that day on Wednesday 16 January 2008 by the Hon. Michael Atkinson, Acting Minister for Mineral Resources Development, a copy of which is attached for ease of reference. At that time, the Company was working closely with the Department of Primary Industry and Resources S.A. ("**PIRSA**") and the Environment Protection Authority ("**EPA**") in connection with alleged environmental breaches at the Mt Gee exploration site. The Media Statement was issued and placed on the Company's website on Thursday 17 January 2008 (although it was dated 16 January 2008).



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At that time, the News Release issued by the Hon. Michael Atkinson referred only to a continuing investigation into the alleged environmental breaches with which the Company was fully cooperating. In the view of the Company, this information was not material due to the fact that enquiries and investigations by PIRSA, the EPA and the Company itself were ongoing as were the Company's discussions with PIRSA and the EPA.

3. In relation to the Announcement, there are two parts to the Announcement. The first part deals with the Company's share price and was prompted by a request from the ASX for a statement arising due to the significant volatility in Company's share price over several weeks culminating in a fall of over 25% on Monday 21 January. As stated in the Announcement, despite material changes to the Company's share price over the preceding weeks, the Company was not aware of any specific information that could explain the volatility in its share price including the significant decline on Monday 21 January.

The second part of the Announcement deals with the appointment of Mr Ian McRae to the Company as its project executive for Mt Gee. Mr McRae was appointed by the Board of the Company to oversee the Mt Gee Project and commenced his duties on Monday 21 January 2008 (and his formal terms of employment were confirmed by the Board on 29 January 2008).

4. The Company was obviously aware of the volatility in its share price leading up to the date of the Announcement, as it was with the general volatility in the market overall including the share prices of comparable uranium mining and exploration companies. However, as there was no specific material information that the Company was aware of that could explain price movements in its share price, no prior announcement from the Company had been made to the ASX.
5. The Company did not provide a release at an earlier time because it was not aware of any specific information that was material to the Company's share price and which could explain the volatility in its share price.

As the ASX will no doubt be aware, there was considerable volatility in the market over the relevant period. If you compare the Company's share price over the relevant period to movements in the SP/ASX 200 index, the share price changes are strongly correlated with changes in the index. Furthermore, if you examine several comparable uranium exploration companies in the sector, tracing their share prices changes against those of the Company shows a strong correlation with significant volatility over the relevant periods.

6. The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1.

General response and commentary

In light of the above, our view is that the Media Statement clearly contained no material information. As such, neither the existence nor the contents of the Media Statement has any relevance to the market. Similarly, the Announcement was issued by the Company at the ASX's request to confirm that the Company was not aware of any specific information that could explain the volatility in its share price.

As you are aware, not all media statements are appropriate for release to the ASX via its continuous disclosure platform. We do take our continuous disclosure obligations seriously (and have engaged outside advisers to



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assist us with our obligations in this area including over the relevant period of your enquiry) and consciously consider whether press statements should also be released to the ASX. Marathon, as a uranium exploration company, from time to time faces ideological opposition from various third parties opposed to the uranium exploration and mining. At times, this opposition can lead to intense media interest. This clearly occurred earlier this year at the Mt Gee exploration site and which combined with the environmental issues raised intense media interest and media statements being issued by the Minister responsible for PIRSA. The political context in which our Company operates will necessitate that from time to time the Company will need to issue press statements to deal with issues in the public arena and not all of these issues will be appropriate or necessary for disclosure to the ASX under listing rule 3.1.

Yours faithfully

Marathon Resources Limited

A handwritten signature in black ink, appearing to read 'Sam Appleyard'.

Sam Appleyard
Company Secretary

Attachments (2)

1. News Release from Hon. Michael Atkinson dated 16 January 2008
2. Comparative chart – SP /ASX 200 and MTN

News Release

www.ministers.sa.gov.au



Hon Michael Atkinson
Acting Minister for Mineral Resources
Development

Wednesday, 16 January 2008

INVESTIGATION INTO ALLEGED MOUNT GEE CONTAMINATION

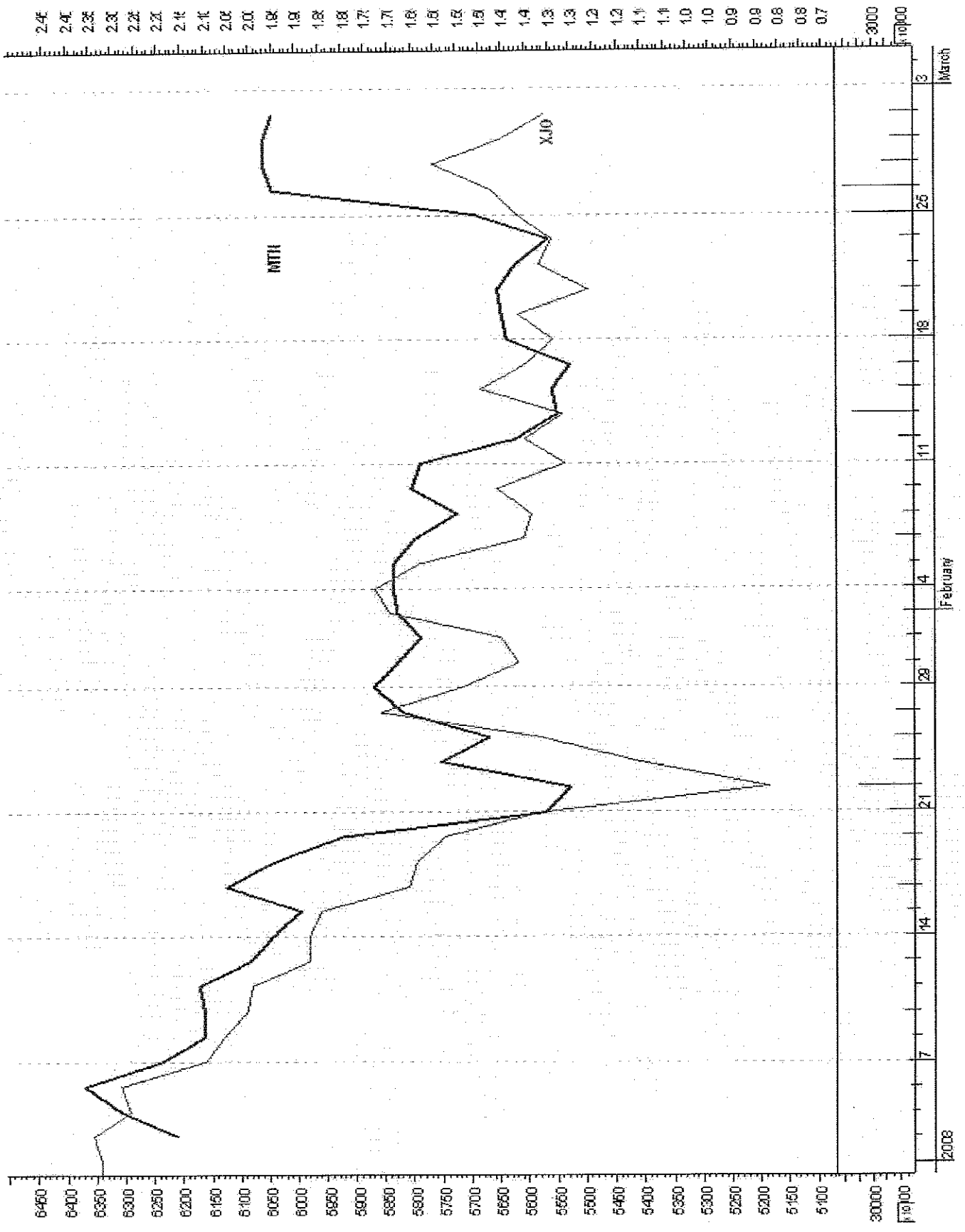
Primary Industry and Resources S.A. and the Environmental Protection Authority are jointly investigating an alleged environmental breach at the Mount Gee exploration site in the far north of the State, acting Minister for Mineral Resources Development Michael Atkinson says.

“PIRSA will also seek an explanation of the alleged breach from Marathon Resources, the operator of the exploration lease at Mount Gee,” Mr Atkinson says.

The investigation follows a police notification of alleged environmental contamination at drilling holes in the Mount Gee East area.

PIRSA and the E.P.A. will work closely on a thorough investigation of the site of the alleged environmental breach.

The agencies have the authority to issue a clean-up order should the investigation confirm any environmental contamination.



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ASX
AUSTRALIAN SECURITIES EXCHANGE

28 February 2008

Sam Appleyard
Company Secretary
Marathon Resources Limited
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Dear Mr Appleyard

Marathon Resources Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The statement (not lodged with ASX Company Announcements) posted on the Company's website on 16 January 2008 entitled "Marathon Resources – Media statement" ("Media Statement") and the Announcement ("Announcement") lodged at 10.24 am EDST on 22 January 2008 entitled "Shareholder Update".

2. The Media Statement advised the following:

Marathon Resources is working with PIRSA and the EPA regarding the manner in which Marathon has disposed of exploration materials at its Mt Gee project.

Marathon has commenced an internal investigation into its practices to assess compliance with the Exploration License requirements.

Marathon has comprehensive records and photographs of all processes undertaken. If the authorities request that further work be done, our records enable us to do it, and we will.

3. The Announcement advised the following:

Directors are aware of media comments and speculation from parties outside Marathon concerning the manner in which the company has disposed of exploration materials at its Mt Gee project in South Australia. Marathon is conscious of its continuous disclosure requirements and advises it is currently working with Primary Industries and Resources South Australia ("PIRSA") and the Environmental Protection Authority ("EPA") on this issue.

Marathon has commenced an internal investigation into exploration practices adopted to assess compliance with its Exploration License requirements. The company has comprehensive records and photographs and of all processes undertaken and if PIRSA and EPA require further work to be done, the company's records enable it to do whatever is required, and it will.

4. The decrease in the Company's share price from a close of \$1.89 on 15 January 2008 to a close of \$1.355 on 21 January 2008, the day prior to the release of the Announcement.

As you are aware, listing rule 3.1 requires an entity, once it becomes *aware* of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Furthermore, paragraph 17 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Whether the Company considers that the information contained in the Media Statement and Announcement was material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the information to be material.

3. If the answer to question 1 is "yes", when did the Company first become aware of the Information contained in the Media Statement and Announcement?
4. In relation to question 3, if this was before the release of the Announcement, please identify any earlier announcement from the Company which disclosed the Information.
5. If there was no earlier announcement, and the Company became aware of the Information prior to the release of the Announcement, please advise why the Company did not release the Information to the market at an earlier time, or request a trading halt at that time, pending the release of the an announcement.
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter. If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your response should be sent to me by e-mail at justin.nelson@asx.com.au or by facsimile on **facsimile number (08) 8216 5099**. It should not be sent to the Company Announcements Office. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible, and in any event, not later than **5.00 p.m. EDST, on Monday, 3 March 2008**.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market if it considers it necessary for an informed market. Accordingly, it would be appreciated if you would prepare your response in a format suitable for release to the market and separately address each of the questions asked.

If you have any concerns about release of your response, or any queries in relation to this matter, please contact me immediately.

Yours sincerely,



Justin Nelson

Manager, Issuers (Adelaide)

Direct Line: (08) 8216 5026