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ASX RELEASE

MARATHON RESOURCES

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15 August 2008

Manager Companies
Companies Announcements Office
Australian Stock Exchange Limited

By email: ASX On-Line

Dear Sir/Madam

ASX Code: MTN
Chairman's address to Shareholders

I enclose a copy of the policy address by Marathon's Chairman, Mr Peter Williams, being forwarded to the Company shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sam Appleyard', written over a light blue horizontal line.

Sam Appleyard
Company Secretary

The attention of the Board of Marathon Resources has been drawn to a significant issue for the Company as a result of the unauthorised burial of drill samples at Mt Gee, South Australia.

Our Mt Gee drilling program was subsequently suspended on 24 January 2008 by the Department of Primary Industries and Resources South Australia (PIRSA) and an investigation conducted by PIRSA and the Environmental Protection Authority (EPA) was highly critical of the company and required us to develop a Rectification Plan.

As Chairman, I have led Marathon's review process to understand how this Mt Gee incident occurred and what we needed to learn. The results of this review, "Marathon Resources: Learning from Waste in the Wilderness", is being made public so that our key stakeholders can hear from us about our understanding of what happened and what we plan to do to ensure that these types of incidents do not recur.

Throughout the review process, I came to the difficult realisation that this incident may in fact have been symptomatic of our culture and Marathon's overall approach. As with many other mining companies, we have had instances in the past where our exploration activities have caused sometimes very vocal local opposition. For Marathon, at Myponga our exploration program met with a powerful community campaign that led to uranium exploration being ruled out in that location by the South Australian Government. At Mt Gee, which sits within the award-winning eco-tourist Arkaroola Wilderness Sanctuary, we had a number of incidents that were unacceptable such as an employee damaging a geologically significant fluorite vein that university students would often visit and another of our employees upsetting tourists after an injured euro was killed.

Our conclusion after the Mt Gee issue was that these incidents indicated we had not instilled the appropriate level of awareness about the importance of our social licence to operate. When the company formed in 2004, we should have worked harder to instil a culture, capability and systems for managing exploration in a way that was sensitive to the community and the environment. We needed management and communication that were up to delivering us this culture and approach.

As Chairman, and on behalf of the Board, I want to emphasise three things:

1. I accept responsibility for the actions of the company;
2. I acknowledge that meeting the company's exploration licence requirements is essential; and
3. I apologise to those who have been directly affected by our past approach, especially Mr Doug Sprigg and his sister Ms Marg Sprigg, the owner-operators of the Arkaroola Wilderness Sanctuary.

CHAIRMAN'S ADDRESS

We have responded to our shortcomings in a positive way and we have taken the advice of professional experts to make sure our structure is sound and our commitment is properly based. We have made significant changes to the Board and executive management already this year, and we will continue to recruit the best people to achieve our plans.

Through our actions we have suffered some significant consequences to our reputation and uncertainty to Marathon's operations. The Rectification Plan was approved by PIRSA on 11 August 2008 and we will proceed according to their instructions. In the near term, we plan to prove that we can rectify the Mt Gee site successfully and to the standards expected.

In the medium term, Marathon seeks to have its suspension lifted so we may drill again. The resource we have uncovered is - according to an independent expert - a nationally significant probable reserve of uranium. A return to the drilling program will enable us to see if the deposit can be lifted to proven status.

To win the right back to drill, we must first change our understanding of the priorities for an exploration company in a sensitive environment. We must be able to rebuild support with key stakeholders through better management and communication. We must ensure our standards of behaviour are exemplary and that we deliver our exploration program to the highest safety, environmental and community standards.

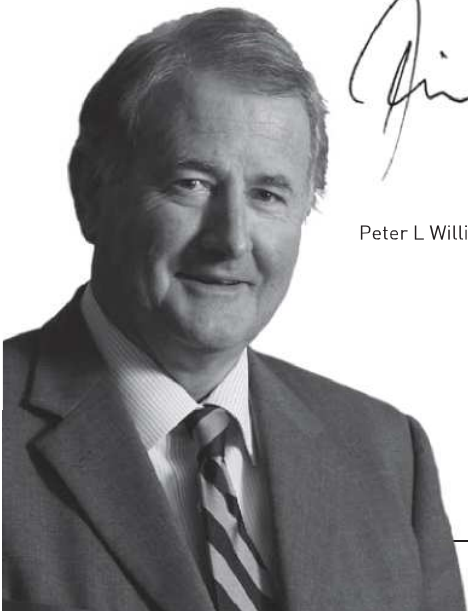
Next, we aim to prove that we can be responsible participants in the mining industry so that Marathon can become a worthy contributor to Australia's economic development and social welfare.

I have attached the executive summary of our review report. The full report is available on request from the company. I urge you to read this report and support us as we embark on this important reformation of our attitude and actions.

Yours sincerely,



Peter L Williams



EXECUTIVE SUMMARY

This report examines the issues that led to the suspension of Marathon Resources' exploratory drilling operations at the Mt Gee project in South Australia, how the company has changed and will continue to change its policies and systems and how it intends managing its ongoing engagement with a wide range of key regional stakeholders, especially the Adnyamathanha community and the owner-operators of the Arkaroola Sanctuary.

The suspension early in 2008 of Marathon's exploration drilling program at Mt Gee by the independent regulator, the Department of Primary Industries and Resources South Australia (PIRSA), has profoundly affected Marathon Resources. Although there have been direct financial impacts, the major consequences of the suspension have been to the company's reputation, a likely and significant delay in the Mt Gee project and impact on the company's reputation with key stakeholders.

The suspension - and the background to it - has already been widely reported and commented upon by the government and in the media.

There are four main issues addressed by this report:

- Issue 1: Marathon misread both the extent of the technical risk associated with uranium exploration and mining, and the heightened sensitivity of the community given the international context of the resource and its uses. Marathon inadequately managed environmental hazards, responded insufficiently to compliance requirements and did not adequately address potential community concern.
- Issue 2: Marathon failed to take the broader view of sustainable development expected of resource companies today. It did not learn from the experience of its Myponga exploration in SA and subsequently failed to sufficiently understand and engage with its key stakeholders in the culturally and environmentally significant Mt Gee/Arkaroola area.
- Issue 3: Prior to the recent issue at Mt Gee, Marathon had not sufficiently developed the culture needed to sustain leading practice environmental management policies and behaviours throughout its operations.
- Issue 4: Marathon's key stakeholder engagement strategy, although developing, was not sufficiently advanced to be able to proactively address the issues that caused concerns among those key stakeholders.

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Since the suspension by PIRSA, Marathon has been undertaking a major review and working with independent consultants to address these issues. Marathon has taken time and made the commitment to change its organisational structure, enhance its management culture and embrace a commitment to international leading practices in safety, community, environment, sustainability and understanding of the implications for the key stakeholders.

As part of this process, workshops have been, and will continue to be conducted with Marathon executives, staff and contractors explaining an approach that acknowledges and mitigates social and environmental risks associated with uranium exploration. An action plan involving wider, more transparent engagement with the community, the government and industry has also been developed in order to better inform the development of a new management system and operational culture for Marathon. This plan is outlined in Figure 1 and Table 1, which follow.

Figure 1 Timeline: Marathon Resources



EXECUTIVE SUMMARY

Table 1

Component	Current State	Low Risk	Innovation
	Environmental Policy	Environmental Management System	Integrated Management System
Policies, Systems and Processes	Minimal environmental, community and safety policy	Site specific and self sustaining policies self allowing the opportunity for continual improvement Complete environmental compliance and evaluation (at site level)	Integration of Sustainability Principles at all levels of the organisation from governance of the Board to operations on site Incorporation of social, environmental and economic considerations into policy formation and delivery Delivery of a Sustainability Report
Culture and Practices	Forced regulation by PIRSA – including the need for rectification of Mt Gee Limited knowledge of requirements for a 'social licence' Misunderstanding of the risk equation for uranium	Identification of critical projects and environmental 'Aspects' or elements of potential risk Compliance with all the conditions and requirements of its exploration licence, and in accordance with all relevant Acts Clear instructions and policy manuals for staff and contractors to ensure compliance and the safe handling of low-level radioactive materials Systems and procedures that follow leading practice guidelines not only for exploration, but conceptually for uranium mining Research and development in order to continuously improve environmental management.	Site-based personnel have sustainability, engagement and cross-cultural competency training in relation to the Arkaroola Sanctuary and the Sprigg family legacy and the Traditional Owners (the Adnyamathanha) All employees trained in and regularly updated on sustainability principles and their application – with recognition of social and environmental leadership and initiative Ongoing independent assessments and re-structuring of social and environmental policies, including environmental audits and life-cycle assessments Collaborative development of environmental stewardship projects
Governance		New governance and re-affirmed leadership Re-structure of management with a commitment to, and expansion of, human capital to ensure effective policy implementation	Key sustainability principles, and performance against social and environmental targets incorporated into key performance indicators for board and management
Engaging key stakeholders	A history of poor community engagement (including a lack of acknowledgement of the Sprigg family legacy) Establishment of NFCCC but with limited affect	NFCCC meeting re-convened and membership widened Formal key stakeholder analysis conducted with NFCCC members to establish key issues and suggestions for company activities Development of a formal report following NFCCC engagement to update on progress and establish next steps Regular detailed updates to PIRSA and the EPA on management and policy changes - with information made publicly available and regularly updated on the company website	At least six NFCCC meetings a year Three-part visioning exercise undertaken with NFCCC members about how a mineral development could be compatible with the land, animals and flora as well as beneficial economically Establish an external assurance process to check that the integrated management system is functioning appropriately Collaboratively develop and extend community programs and sponsorships in line with key stakeholder expectations Public reporting of environmental and social targets guided by relevant GRI reporting standards

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Commencing immediately, Marathon will develop and implement an environmental management system (EMS) to meet compliance requirements at site. The company has made a commitment to more human and financial resources, effective communication and data management that will enable site-specific social and cultural considerations to be taken into account. Over time Marathon will develop a framework for an integrated system of governance that will be leading practice.

By committing to this plan, Marathon will be able to demonstrate that it is capable of operating responsibly and accountably.

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