

Friday, 18 December 2009

Dear Shareholder

Marathon Resources Limited (ASX: "MTN") provides shareholders with the following update on its general operations, the Company's Mt Gee project in the Northern Flinders Ranges of South Australia, and additional information following the SA Government's decision to extend the timeframe for submissions to be lodged in regards to its "Seeking a Balance" paper.

Corporate Activities

Shareholders are well aware of your Company's frustration in still not being able to undertake a drilling campaign on its Northern Flinders Ranges project until proposed amendments to the SA Mining Act are approved by Parliament.

In order to protect cash reserves, Marathon continues to, where possible, take appropriate steps to reduce operating costs, including corporate administration expenses and the cost of services at the exploration site.

The number of personnel within our corporate office has been minimised and corporate, accommodation and other commercial commitments to the Arkaroola Village – for which Marathon has paid in excess of \$1.9m over the past 4 years – have been terminated.

The Company looks forward to resuming, by agreement with PIRSA and other stakeholders, an exploration program which will demonstrate the significant value of Marathon's vast world class uranium resources within our Exploration Licence 4355 (EL 4355).

Equally the Company is committed to preserving the environmental and biodiversity values of this area in consultation with the Adnyamathanha people, the indigenous Native Title holders.

Value of EL 4355

It is well documented and shareholders are aware that the Mt Gee deposit is the fifth-largest, undeveloped uranium resource in Australia.

Mineralisation at the Mt Gee deposit is open in three directions, so the ultimate resource should be larger than the current estimate of 69,000,000 lbs of U₃₀₈*. High grade uranium has also been intersected by limited drilling to date at the neighbouring Armchair and Hodgkinson deposits.

The recently-completed detailed radiometric survey (4443 line kilometres) delineated 42 distinct zones of uranium mineralization within the tenement. Follow-up geological mapping on two of these radiometric anomalies has delineated two large, high grade shear zones. In both cases, the shear structure:-

- is near vertical
- is 25-50 wide
- outcrops over a strike length > 400 metres

These shear structures are significant new exploration targets and may represent the elusive "feeder systems" that transported the uranium-bearing fluids.

Proposed Environmental Framework – extended closing date

The South Australian Government has extended the deadline for the lodgement of submissions to the “Seeking a Balance” paper.

You now have until 29 January 2010 to submit your comments on the draft policy which purports to seek a balance between conservation and resources use in the Northern Flinders ranges.

Your Company has carefully considered the proposed framework and concludes that the politically motivated draft is flawed. The mining industry, and uranium mining in particular, is already extensively regulated. Likewise, the Northern Flinders Ranges area already receives a significant level of protection and regulation under the existing Flinders Ranges Development Plan Environmental Class A zoning.

Marathon is encouraged by the support already provided to us by many parties and stakeholders. The Company is preparing a detailed response which will be submitted late in January.

We urge all shareholders to consider making a submission against this adhoc policy which recommends further and unnecessary multi-layers of regulation to an industry and area which are already heavily regulated and protected.

Yours sincerely



Peter Williams
Chairman
Marathon Resources Limited



Shad Linley
Chief Executive Officer
Marathon Resources Limited

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Category	Tonnes (Mt)	Grade U3O8 (ppm)#	Tonnes U3O8 kt
Indicated	4	706	2.8
Inferred	47	607	28.5
Total	51	615	31.3

at 300 ppm U3O8 cutoff

Information in this update to Shareholders relating to Exploration Results has been compiled by Mr Brenton Newell B.App.Sc., Grad Dip App.Geol (SAIT), a part-time employee of Marathon Resources Ltd and a Member of the Australian Institute of Geoscientists and Dr Phung Nguyen B.Sc (Hons), PhD (Uni.WA.), a part-time employee of Marathon and a Member of the AusIMM. The Mt Gee Mineral Resource Estimate is based on information compiled on behalf of Marathon by Tony Marshall B.Sc (Hons) Uni.Melb., a Member of the AusIMM. At time of reporting, Tony Marshall was Principal Geologist with SMG Consulting and a full-time employee of that company.

Each respectively have sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which each is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Each respectively consents to the inclusion in this Report of the statements based on the information in the form and context appearing.