

MARATHON RESOURCES LIMITED
ACN 107 531 822

ASX ANNOUNCEMENT

16 FEBRUARY 2011

MARATHON RIGHTS ISSUE TO RAISE UP TO \$4.4 MILLION

Marathon Resources Ltd (ASX Code: MTN) (**Marathon**) is pleased to announce a one (1) for ten (10) non-renounceable pro rata rights issue at an issue price of \$0.50 per new Marathon share (**Rights Issue**).

The issue price represents a discount of:

- 9% to the closing market price of Marathon's Shares on 2 February 2011 (being the last trading day prior to the preliminary announcement in relation to the rights issue on 7 February 2011) of \$0.55 per Share; and
- 37.5% to the closing volume weighted average market price of Marathon's Shares for the 5 trading days up to close of trade on 15 February 2011 of \$0.80 per Share.

The Rights Issue will raise a maximum of \$4.4 million (before expenses) if all rights are taken up (based on Marathon's current undiluted share capital without taking into account the impact of rounding).

The proceeds from the Rights Issue will be used to fund further exploration and development of Marathon's mining tenements. This includes approved exploration activities on the highly prospective EL 4355 (recently renewed by the South Australian Government), which will focus on:

- increasing Marathon's knowledge of known deposits;
- testing the recently discovered high grade shear systems; and
- assessing rare earth element (REE) occurrences within the tenement.

The proceeds will also be applied towards Marathon's general working capital requirements.

The Rights Issue will be conducted without a prospectus in accordance with the streamlined offering provisions of the *Corporations Act 2001* (Cth) (the **Act**).

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 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	Wednesday 16 February 2011
Ex date – The date on which Shares commence trading without the entitlement to participate in the Rights Issue	Friday 18 February 2011
Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue	Thursday 24 February 2011
Offer Memorandum sent to Shareholders – dispatch of Offer Memorandum and Entitlement and Acceptance Forms, and lodgment of cleansing notice – Rights Issue opens for acceptances	Tuesday 1 March 2011
Closing Date – The last day for receipt of acceptance forms (5.00pm Adelaide time)	Wednesday 16 March 2011
Shortfall notification date	No later than Monday 21 March 2011
Despatch date – Allotment of New Shares.	No later than noon (AEST) on Thursday 24 March 2011
Expected commencement of normal trading in New Shares on ASX	Friday 25 March 2011 (provided announcement on 24 March 2011 is made by noon (AEST)).
Despatch of holding statements to Shareholders who accepted the Offer	Tuesday 29 March 2011

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 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 notice 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 notice 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 today;
- (4) the potential effect the Rights Issue will have on the control of Marathon's undiluted share capital will depend on the extent shareholders take up their entitlements. If all shareholders take up their entitlements the Rights Issue will have no effect on the

control of Marathon. The maximum effect the Rights Issue could potentially have on the control of Marathon is the increase in the percentage of Marathon's total issued share capital registered in the names of Talbot Group Holdings Pty Ltd and Talbot Group Investments Pty Ltd) (together the **Talbot Group**) and CITIC Australia Pty Ltd (**CITIC**), from 37.75% to a maximum of 40.01% in aggregate, if the Talbot Group and CITIC took up their respective entitlements in full and no other shareholders took up their entitlements. As the Company notified the ASX on Monday, 14 February 2011, the Company is aware that the Talbot Group has sold its shareholding in the Company but as at the time of making this announcement it has no further details in relation to that transaction.

- (5) the consequences of the potential effect on control of Marathon referred to in paragraph (4) 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. The maximum combined voting power that the Talbot Group and CITIC could collectively have post the Rights Issue is 40.01%.

For further information contact:

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Notes to Editor

Marathon Resources is a minerals exploration company focused on the development of several prospects in the North Flinders Ranges.

These prospects (including Mt Gee, which is one of Australia's largest undeveloped uranium deposits), are located within the Paralana Mineral System of South Australia, a uranium-rich state that is home to the Olympic Dam deposit.

Marathon listed on the Australian Securities Exchange on 15 March 2005, under the stock code of MTN

www.marathonresources.com.au