



Marathon Resources Ltd
235 Port Road, Hindmarsh SA 5007
PO Box 566, Hindmarsh SA 5007

T +61 (0)8 8348 3500
F +61 (0)8 8346 8111
www.marathonresources.com.au

ABN 31 107 531 822

ASX RELEASE

MARATHON RESOURCES

ASX RELEASE

MARATHON RESOURCES LIMITED

ASX ANNOUNCEMENT

1 MARCH 2011

NOTICE OF DESPATCH OF RIGHTS ISSUE OFFER MEMORANDUM AND APPOINTMENT OF NOMINEE UNDER SECTION 615 OF THE CORPORATIONS ACT

Marathon Resources Limited (ASX Code: MTN) (**Marathon**) refers to its Offer Memorandum and Appendix 3B lodged with ASX on 16 February 2011 in relation to 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**).

Notice of Despatch of Offer Memorandum

The Offer Memorandum in relation to the Rights Issue was despatched to shareholders today. Attached is a copy of the Offer Memorandum as despatched to shareholders.

Appointment of Nominee under section 615 of the Corporations Act

Marathon determined, in accordance with the Corporations Act 2001 (Cth) (the **Act**), not to make the Rights Issue open to shareholders who, as at the record date, had a registered address in a country outside of Australia or New Zealand (**Excluded Shareholders**).

Marathon has appointed Holdex Nominees Pty Ltd (ACN 004 816 200), a wholly owned subsidiary of E.L. & C. Baillieu Stockbroking Ltd, to act as nominee for the Excluded Shareholders under section 615 of the Act.

Marathon will issue and allot to the nominee the shares that would otherwise be issued to accepting Excluded Shareholders had they participated in the Rights Issue, and the nominee will then sell those shares, either on or off market. The share registrar will distribute to each Excluded Shareholder the proceeds of the sale above \$0.50 per share, net of expenses, prorated to their respective holdings of shares as at the record date.

The Offer Memorandum lodged with ASX on 16 February 2011 advised that Marathon would not appoint a nominee pursuant to section 615 of the Act. Marathon has now determined to appoint a nominee such that Shareholders may, if necessary, rely on the exemption from the takeovers prohibition in section 606 of the Act for rights issues in item 10 of section 611 of the Act. The Offer Memorandum despatched to shareholders today has been amended to reflect this appointment (refer paragraph 6 of Section 1 of the Offer Memorandum). Notwithstanding this appointment, Marathon has been advised by Mount Kellett Capital Partners (Ireland) Limited that it will accept its entitlement under the Rights Issue only to the extent its total beneficial holding in Marathon will not exceed 20%.

Media Contacts:

Belinda Hill
Manager – Corporate Affairs
Marathon Resources Limited
(08) 8348 3500
0431 721 687
bhill@marathonresources.com.au

John Field
Managing Director
Field Public Relations
(08) 8234 9555
0418 819 527
john@fieldpr.com.au



Marathon Resources Ltd
235 Port Road, Hindmarsh SA 5007
PO Box 566, Hindmarsh SA 5007

T +61 (0)8 8348 3500
F +61 (0)8 8346 8111
www.marathonresources.com.au

ABN 31 107 531 822

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



MARATHON RESOURCES LTD
ACN 107 531 822

RIGHTS ISSUE
OFFER MEMORANDUM

\$4.4 million non-renounceable 1 for 10 rights issue of up to 8.8 million New Shares
at an issue price of \$0.50 per New Share

CLOSING DATE: 5.00pm Adelaide time on 16 March 2011

***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.***

IMPORTANT NOTICES

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.

No offer is made by this Offer Memorandum in any jurisdiction outside of Australia and New Zealand. The distribution of this Offer Memorandum within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Offer Memorandum comes should inform themselves about and observe any such restrictions.

CHAIRMAN'S LETTER

16 February 2011

Dear Marathon Shareholder,

Marathon Resources Limited (**Marathon**) invites you to participate in a non-renounceable rights issue of up to 8,798,898 New Shares in total (based on Marathon's undiluted share capital, without taking into account the impact of rounding) to raise up to \$4.4 million (before expenses).

The rights issue offers you the right to take up one (1) New Share for every ten (10) Shares you hold as at 5.00pm Adelaide time on 24 February 2011, at an issue price of \$0.50 per New Share.

The Offer provides you with an opportunity to increase your investment in Marathon at an attractive price and the same price as a recent placement to key institutions and existing major shareholders, the Talbot Group Investments Pty Ltd and CITIC Australia Pty Ltd, which raised \$5.46 million (before expenses). The issue price of the New Shares 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
- a discount of 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 of \$0.80 per Share.

The Offer will be conducted without a prospectus in accordance with the streamlined offering provisions of the Corporations Act.

Marathon intends to use the proceeds raised from the Offer for further exploration and development of its 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 used for general working capital requirements.

Your Directors consider that Marathon has a positive future and recommend this Offer to you as an opportunity to participate further in its future.

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	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

Subject to the ASX Listing Rules, the Directors reserve the right to vary the dates for the Offer at their discretion. Should this occur, then the extension will have a consequential effect on the anticipated date of issue and normal trading of the New Shares.

CORPORATE DIRECTORY

Directors

Mr Peter Williams – Chairman
Dr John G (Shad) Linley - Managing Director and Chief Executive Officer
Mr Chen Zeng - Non-Executive Director
Mr Chris Schacht - 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
Ground Floor
60 Hindmarsh Square
Adelaide SA 5000
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 ten (10) Shares held by that Shareholder as at the Record Date at an issue price of \$0.50 per New Share.

The issue price of the New Shares 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 of the rights issue) 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.

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 (**Entitlement**). 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 and the Shortfall Shares are placed by the Directors (see Section 4 of this Offer Memorandum for further details).

3. Opening and closing dates

The Offer opens for receipt of acceptances on Tuesday, 1 March 2011.

The closing date and time for acceptances and payments is 5.00pm Adelaide time on Wednesday, 16 March 2011 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 Thursday, 24 February 2011, 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 15 February 2011 (**Excluded Shareholders**) was 288,942 Shares.

This Offer Memorandum does not constitute an offer to Excluded Shareholders and the Offer Memorandum will not be sent 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. Nominee for Excluded Shareholders

Marathon intends to appoint a nominee for Excluded Shareholders under section 615 of the Corporations Act such that Shareholders will, if necessary, be able to rely on the exception for rights issues in Item 10 of section 611 of the Corporations Act. Details of the nominee will be advised to ASX on Marathon making the appointment.

7. Effect on share capital

The effect of the Offer on the capital structure of Marathon will be as follows:

Shares	Number
Number on issue at 15 February 2011 (the trading day immediately prior to the formal announcement of the Offer)	88,088,978
Maximum number to be issued under the Offer	8,808,898
Maximum number on issue following the Offer	96,897,876

The figures in the table above are based on the undiluted share capital of Marathon and, in the case of the maximum number of shares on issue following the Offer assumes, all Shareholders take up their Entitlements in full. The figures are also approximate as individual Entitlements will be rounded up to the nearest whole figure.

There are 7,540,000 unlisted options to subscribe for Shares currently on issue. If any of these options are exercised prior to the Record Date this will also impact the maximum number of New Shares to be issued under the Offer.

8. Renounceability

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

9. Underwriting

The Offer has not been underwritten.

10. Issue of New Shares

Marathon expects that the New Shares will be issued by no later than 24 March 2011. The issue of New Shares will only be made after permission for their quotation on ASX has been granted. Shortfall Shares will be issued no later than three months after the Closing Date.

SECTION 2: PURPOSE OF THE OFFER

Marathon intends to use the proceeds raised from the Offer for further exploration and development of its 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.

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

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 that part of your Entitlement you wish to subscribe for.

You must make payment for the appropriate application monies (at \$0.50 per New Share subscribed) as provided in paragraph 3 below.

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 or fail to do so by the Closing Date, your Entitlement will lapse.

3. Payment

Payments must be made by 5.00pm Adelaide time on 16 March 2011 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.

Entitlement and Acceptance Forms, together with cheque or bank draft for the appropriate application monies (at \$0.50 per New Share subscribed) must be sent to Marathon's share registry, Computershare Investor Services Pty Ltd, so that they reach the registry by no later than 5.00pm Adelaide time on 16 March 2011.

If you wish to pay by BPay, you do not need to return the Entitlement and Acceptance Form, you simply need to follow the instructions on the Entitlement and Acceptance Form. Different financial institutions may implement earlier cut off times with regards to electronic payment, so please take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPay are received by the Closing Date.

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

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: SHORTFALL SHARES

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, the Directors reserve the right, subject to the Listing Rules, to issue any Shortfall Shares at their discretion.

The price at which the Shortfall Shares are issued must not be less than the issue price for the New Shares under the Offer and will be issued within 3 months of the Closing Date.

If there are any Shortfall Shares, the Board reserves the right to issue and allot those Shortfall Shares at their discretion, at a price determined by them, which must not be less than \$0.50 per Share.

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 556 161 (within Australia) or +61 3 9415 4000 (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 or ASX Limited (ACN 008 624 691), as the context requires.
Closing Date	the last date for accepting the Offer, being 5.00pm Adelaide time on 16 March 2011 (or such other date determined by the Directors).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of Marathon.
Entitlement	is defined in paragraph 2 of Section 1.
Entitlement and Acceptance Form	The personalised form accompanying this Offer Memorandum.
Excluded Shareholder	a registered holder of Shares with a registered address in a country outside of either Australia or New Zealand as at the Record Date.
Listing Rules	the official listing rules of ASX.
Marathon or Company	Marathon Resources Limited (ACN 107 531 822).
New Share	a Share to be issued pursuant to this Offer Memorandum at \$0.50 per Share.
Offer	the offer made under this Offer Memorandum of 1 New Share for every 10 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 Thursday 24 February 2011.
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 as at the Record Date.
Shortfall Shares	means those New Shares forming Entitlements or part of Entitlements not accepted under the Offer.

Intentionally blank