

31 October 2007

Manager Companies
Companies Announcements Office
Australian Stock Exchange Limited

By e-mail: ASX On-Line

Dear Sir/Madam

ASX Code: MTN
Rights issue update and new drilling program

Attached please find:

1. Press release advising of Marathon's recent rights issue capital raising and new drilling program;
2. Formal Notice under Appendix 7A of the ASX Listing Rules.

Yours faithfully



Sam Appleyard
Company Secretary

MARATHON RESOURCES

ASX Release 31 October 2007 ASX Code MTN

MARATHON RAISES \$15.5 MILLION IN RIGHTS ISSUE AND ANNOUNCES \$7.2 MILLION MT GEE DRILLING PROGRAM

Marathon Resources Ltd (ASX Code: MTN), announced today it had raised \$15.5 million of its \$27 million, one-for-five rights issue and expects other investors to take up the balance.

About half of the money raised by the rights issue will be immediately applied to an expanded exploration program on the Company's flagship uranium project in South Australia.

The rights issue closed with Marathon shareholders taking up about 57% of the entitlement, representing the issue of 6.2 million new shares.

Talbot Group Holdings Pty Ltd and CITIC Australia Pty Ltd, which together hold approximately 19.59% of Marathon's share capital, took up full their respective entitlements under the Rights Issue. Marathon's Directors, who collectively control 11.23% of the Company, also took up the majority of their full entitlements.

"The take up of shares by shareholders under the rights issues was pleasing given the subdued market conditions" Marathon Resources' Chairman Mr Peter Williams, said.

"Directors have reserved the right to place the shortfall (which was not underwritten) and are confident of fulfilling the entire rights issue offer," he said. "The Board is currently investigating the various options for placement of the shortfall."

New Mt Gee Drilling Program

Marathon announced today Board approval for the expanded in-fill drilling program at Mt Gee, as part of the project's enhanced development. The drilling program – which is scheduled to commence in November - will target increasing the confidence of the existing Inferred Resource in Mt Gee East through a 50-hole program totalling 14,800 metres.

Mr Williams said the Company's goal was to upgrade a significant proportion of the present resource to Indicated status.

Results from the new campaign are not anticipated until Q2 2008. In the interim, data acquisition and pre-feasibility study activities will continue including:

- A second round of metallurgical test work.
- Geotechnical assessment of the resource.

- Base line environmental surveys.
- Drilling for ground water.
- Plant and infrastructure location studies.
- Logistics studies.
- Native title negotiations.
- Preliminary off take discussions.
- Further community consultation via the North Flinders Community Consultative Committee

Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) Referral

Marathon also announced today that it has received confirmation from the Commonwealth Department of Environment and Water Resources (DEWR) that its Mt Gee Uranium Project will be deemed a 'controlled action' under the EPBC Act and that Marathon, as anticipated by the Board, will be required to complete an Environmental Impact Statement (EIS) as part of its project evaluation.

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Notes to Editor

Marathon is a minerals exploration company focused on the development of Mt Gee, one of Australia's largest undeveloped uranium deposits.

The Mt Gee project is located within the Paralana Mineral System of South Australia, a uranium-rich state which is home to the world's largest uranium deposit at Olympic Dam.

Marathon's portfolio also includes highly prospective copper-gold-uranium properties in the Gawler Craton of South Australia.

The Company has gold and copper-gold projects in other parts of South Australia and western Victoria, including first class copper-gold and base metal (silver-lead-zinc) projects in the Adelaide Geosyncline in South Australia and a prospective copper-gold project in the Moyston Fault Zone in Victoria.

Marathon also has a joint venture with listed uranium explorer UraniumSA Ltd (ASX: USA), in which the company holds a 7% stake; and with Primary Resources Ltd (ASX: PRZ) in the Warburton Project in Western Australia.

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

www.marathonresources.com.au

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Dear Sir/Madam

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Notice under Appendix 7A of the ASX Listing Rules

Marathon Resources Limited (ASX: MTN) (**Marathon**) refers to its Offer Memorandum and Appendix 3B lodged with ASX on 28 September 2007 in relation to a one (1) for five (5) non-renounceable rights issue priced at \$2.50 per new Marathon share (**Rights Issue**).

This notice is given in accordance with Appendix 7A of the ASX Listing Rules.

Marathon advises that the Rights Issue of 10,801,570 shares was under subscribed by 4,591,488 shares (**Shortfall Shares**).

The Rights Issue was not underwritten.

Having reserved the right to do so in the Offer Memorandum, the Marathon Board intends to place the Shortfall Shares at its discretion. Any Shortfall Shares placed by the Marathon Board will:

- (a) be placed at a price that is not less than \$2.50 per share, being the issue price for shares under the Rights Issue; and
- (b) be issued within 3 months of the closing date of the Right Issue (ie by 25 January 2008).

Yours faithfully



Sam Appleyard
Company Secretary