

MEDIA RELEASE

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MARATHON RESOURCES SETS “NEW COURSE FOR CHANGE” AFTER MAJOR INTERNAL REVIEW AND REPORT

Marathon Resources Limited (ASX: “MTN”) today committed itself to a “new course” of international leading practice across all its operations following a series of exploration incidents which led to the suspension of the company’s exploration drilling program at the Mt Gee uranium project in the northern Flinders Ranges, South Australia.

Marathon today released a comprehensive report, titled *Marathon Resources: Learning from Waste in the Wilderness*, which will become the Company’s blueprint for the future.

The report examined the issues that led to the suspension of Marathon’s exploratory drilling program earlier this year, 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.

Marathon Chairman, Mr Peter Williams, said the suspension in February 2008 by the independent regulator, the Department of Primary Industries and Resources South Australia (PIRSA), had profoundly affected the Company.

“Although there have been direct financial impacts, the major consequences of the suspension have been to the company’s reputation, a likely delay in the Mt Gee project and impact on the company’s relations with key stakeholders,” Mr Williams said.

“We have made some mistakes in our short history, we acknowledge and apologise for those mistakes, we have learned from them, and now it is time for us to move on to the next stage of our future.

“Marathon has taken the time and made the commitment to change its organisational structure, enhance its management culture and embrace an obligation to international leading practices in safety, community, environment, sustainability and understanding of the implications for the key stakeholders.

“Commencing immediately, the Company will develop and implement an Environmental Management System (EMS) to meet compliance requirements at site.

“Marathon has made a commitment to increase its capacity in both human and financial resources, more effective communication and data management that will enable site-specific social and cultural considerations to be taken into account.

“Marathon will develop a framework for an integrated system of governance that will be internationally-recognised leading practice.

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

In February this year, the South Australian Government suspended Marathon's drilling program after an investigation by PIRSA found the company had inappropriately buried drill cuttings and other waste material at its Mt Gee uranium project.

On Monday 11 August, PIRSA announced that it had approved the Company's comprehensive Rectification Plan for the "cleanup of unauthorised waste buried within EL3258 covering the Arkaroola Pastoral Lease and Wilderness Sanctuary".

Immediately following its suspension, Marathon initiated a comprehensive internal review and report of its entire operations, which addressed four main issues. They were:

- ❑ 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.
- ❑ The Company failed to take the broader view of sustainable development expected of resource companies today. It did not learn from a previous experience at its Myponga exploration and subsequently failed to sufficiently understand and engage with its key stakeholders in the culturally and environmentally significant Mt Gee/Arkaroola area.
- ❑ Prior to the issue at Mt Gee, Marathon had not sufficiently developed the culture needed to sustain leading practice environmental management policies and behaviours throughout its operations.
- ❑ 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.

"As a Company, we are fully committed to reforming all aspects of our environmental management as part of our social licence to operate – recognition of inadequate past practices, the need for changes to governance, policies and procedures, and operational practices," Mr Williams said.

"Marathon is focused on realising a vision of sustainability that embraces all key stakeholders, and demonstrates industry-leading practice," he said.

Mr Williams said with modern methods of resource quantification - along with world uranium prices – the Mt Gee uranium project is now believed to be a probable world-class economic resource, and was in the top handful of undeveloped uranium resources in Australia.

Its development will provide significant economic and social benefits to South Australia generally, and to all key stakeholders in the North Flinders Ranges, he said.

"Notwithstanding the apparent size of the resource, this does not guarantee a social licence to proceed to the mining phase," he said.



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“We now acknowledge that any proposal to proceed to a mine needs not only to include evidence that the resource size is of national and state significance, it must also be subjected to a rigorous and comprehensive examination of its environmental and social impacts and have broader acceptance from the wider community.

“Marathon will therefore seek a more comprehensive social licence to operate, by demonstrating leading practice so as to re-gain the support of the State Government.

“By adopting these best practice principles, and demonstrating real change, Marathon aims to re-form a respectful and productive relationship with all key stakeholder groups and contribute significantly to the region and to the State.

“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.

“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.

“Thereafter, 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.”

The report, *Marathon Resources: Learning from Waste in the Wilderness* will be available on the Company website.

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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