

17 February 2011

Manager Companies
Companies Announcements Office
Australian Securities Exchange Ltd

E-Lodgement via ASX On-Line

Dear Sir/Madam

ASX Code: MTN

Letters to Shareholders

Enclosed, please find copy correspondence sent to

1. Shareholders, and
2. Excluded Shareholders.

Yours sincerely



Sam Appleyard
Company Secretary

MTN
MRS MARY SAMPLE
999 SAMPLE STREET
SAMPLE CITY
OVERSEAS COUNTRY

17 February 2011

Dear Overseas Shareholder


On 16 February 2011, Marathon Resources Limited (**Marathon**) announced a one (1) for ten (10) non-renounceable pro rata rights issue at an issue price of \$0.50 per new Marathon share to raise up to \$4.4 million (before expenses) (**Rights Issue**).

The Offer Memorandum for the Rights Issue was lodged with ASX on 16 February 2011 and is available to download from both the ASX website (at www.asx.com.au) and Marathon's website (at www.marathonresources.com.au).

Marathon has determined, pursuant to the *Corporations Act 2001* (Cth) and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Rights Issue to shareholders with a registered address outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and the Corporations Act, Marathon wishes to advise that it will not be extending the Rights Issue to Shareholders with registered addresses outside of Australia or New Zealand as at the record date, being 24 February 2011 (**Record Date**). Your Marathon shareholding is currently registered to an address outside of Australia and New Zealand.

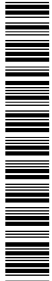
If you have any queries about the Rights Issue please contact Marathon's Share Registry, Computershare Investor Services, on +61 3 9415 4000

Yours sincerely



Peter L Williams

Chairman



000001 000 MTN
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

17 February 2011

Dear Marathon Shareholder

On 16 February 2011, Marathon Resources Ltd (**Marathon**) announced a one (1) for ten (10) non-renounceable pro rata rights issue at an issue price of \$0.50 per new Marathon share to raise up to \$4.4 million (before expenses) (**Rights Issue**).

The Rights Issue will be offered at \$0.50 per share, which is at the same price as a recent placement to key institutions and existing major shareholders, Talbot Group Investments Pty Ltd and CITIC Australia Pty Ltd, which raised \$5.46 million (before expenses). The offer price also represents a 9% discount 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 on 7 February 2011) of \$0.55 per share.

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.

Full details of the Rights Issue are set out in the Offer Memorandum and Appendix 3B lodged with ASX on 16 February 2011. The Offer Memorandum is available to download from both the ASX website (at www.asx.com.au) and Marathon's website (at www.marathonresources.com.au) and will be sent out to shareholders on 1 March 2011.

Under the Rights Issue, every person who is registered as the holder of Marathon Shares at 5.00pm Adelaide time on 24 February 2011 (**Record Date**) will be entitled to participate in the Rights Issue in respect of the number of Shares that person is then registered as the holder of. Fractional entitlements will be rounded up to the nearest whole number.

Shareholders with registered addresses in countries outside of Australia and New Zealand will not be eligible to participate in the Rights Issue.

Please note that Marathon shares will be quoted on an "ex" basis from Friday 18 February 2011 and therefore any Marathon shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.

The Rights Issue is open for acceptance by eligible shareholders from 1 March 2011 until 5.00pm Adelaide time on 16 March 2011 (subject to the Directors varying the closing date in accordance with the Listing Rules).

The table below sets out the number of issued shares as at 14 February 2011 and the maximum number of issued shares at completion of the Rights Issue:

Ordinary Shares	Number
Number on issue as at 14 February 2011	88,088,978
* Maximum number to be issued under Rights Issue	8,808,898
* Number on issue following Rights Issue	96,897,876

* This is based on Marathon's undiluted share capital as at 14 February 2011 and assumes that all shareholders take up their full entitlements under the Rights Issue. These figures are approximate as individual entitlements under the Rights Issue will be rounded up to the nearest whole figure.

There are currently 7,540,000 options to subscribe for Marathon shares on issue. Notice of the Rights Issue was sent to optionholders on 14 February 2011 in order to enable them to exercise their options prior to the Record Date and participate in the Rights Issue in respect of the shares underlying their options. If all or some of these options are exercised prior to the Record Date this will impact the maximum number of shares to be issued under the Rights Issue.

Shareholder approval is not required for the Rights Issue. Shares issued under the Rights Issue will be issued as fully paid ordinary shares and will rank equally with existing ordinary shares in Marathon's share capital.

The Rights Issue does not have a sponsoring broker or underwriter. The Rights Issue will be conducted without a prospectus in accordance with the new streamlined offering provisions of the Corporations Act.

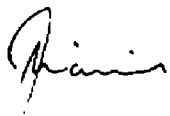
The anticipated timetable for the Rights Issue is as follows:

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

Marathon reserves the right to amend this timetable subject to the Listing Rules.

You are encouraged to read the Offer Memorandum lodged with ASX on 16 February 2011 fully before making a decision in respect of the Rights Issue. If you have any queries in relation to the Rights Issue, you should consult your stockbroker or other professional adviser.

Yours sincerely



Peter L Williams
Chairman