

26th July 2011

**COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN SECURITIES EXCHANGE**

ASX CODE MTN

**SHAREHOLDER UPDATE - MARATHON RESPONSE TO SOUTH AUSTRALIAN GOVERNMENT
RELEASE AFFECTING EL 4355**

The Premier of South Australia, together with the state's Minister for Environment and Conservation and the Minister for Mineral Resources Development, issued a News Release on Friday, 22nd July 2011 titled "Arkaroola to be Protected Forever".

The full Release is attached.

Marathon Resources Limited ("Marathon" or "the Company") on Friday called a Trading Halt in its listed securities in accordance with Listing Rule 17.1 immediately it was made aware of the Government News Release and its contents.

The Company has requested a meeting with the Minister for Mineral Resources Development.

Further, the Company is taking appropriate advice with a view to seeking to redress the impact of this unprecedented action announced by the South Australian Government.

Marathon will advise shareholders of further developments as soon as it is able to.

MEDIA CONTACT:

Mr Peter Williams
Chairman
Marathon Resources Limited
(08) 8348 3500

Mr Sean Whittington
Partner
Field Public Relations
(08) 8234 9555
(0412) 591 520

News Release

www.premier.sa.gov.au
twitter.com/PremierMikeRann



Premier Mike Rann

Hon Paul Caica

Minister for Environment and
Conservation

Hon Tom Koutsantonis

Minister for Mineral Resources Development

Friday, 22 July 2011

ARKAROOLA TO BE PROTECTED FOREVER

Premier Mike Rann has announced that Arkaroola will be protected for all time.

Mr Rann, along with Environment Minister Paul Caica and Mineral Resources Minister Tom Koutsantonis, travelled to Arkaroola, in the State's far-north today, to announce the decision.

"Arkaroola is unique, with sensitive environmental, cultural and heritage values," Mr Rann said.

"When I visited the stunning landscape last year, I found its beauty to be compelling, and asked Ministers Caica and Koutsantonis to examine options to protect it.

"So after comprehensive discussions, we have decided to give the region unprecedented protection, initially under the Mining Act, but going even further with legislation to specifically exclude mining, and giving clear and specific protection to the area.

"This new legislation will fully recognise the unique character of the region.

"We could have settled for what the Greens wanted, which was simply to ban mining, but I wasn't satisfied that that would provide enough protection from all forms of incompatible development.

"Such a ban could have been overturned administratively by a future government.

"So we're not only protecting it by proclamation, we're backing that up by introducing legislation to protect this unique region for all time, and nominating it for further protection as well.

"This will involve a three step process to protect the region, with the first step being reserving the area from operation under the Mining Act, by proclamation, preventing future exploration and mining titles being granted in the area.

"The second step will be to enact special purpose legislation to protect the natural, cultural and landscape values of the area in perpetuity.

"This step would define the area under statute, prohibiting mining, mineral exploration and grazing in the ranges, but specifically provide for the public appreciation and enjoyment of the area, with recreational activities regulated by a strict management plan.

"And the third step will be to nominate the area for listing on the National Heritage List, and seek to have it nominated for World Heritage listing.

“It is important to emphasise that the Native Title rights of the Adnyamathanha traditional owners will be fully respected in this process.

“We will now move to reserve the area from the Mining Act next week.

“We will have a period of consultation with stakeholders in the area, including the Adnyamathanha traditional owners, as well as lease holders, before introducing our Bill to protect the area forever before the end of the year.”

Environment Minister Paul Caica said Arkaroola is an area of international significance with diverse landscapes and great scenic beauty.

“Arkaroola is one of the most spectacular areas in the world, featuring unique biodiversity, with an abundance of national and state conservation rated species.

“Some of the area’s most unique species, such as the Flinders Ranges Purple-spotted Gudgeon and the Spidery Wattle, are not found anywhere else in the world. The area also provides a haven for the nationally threatened Yellow-footed Rock-wallaby.

“I will proceed with nomination of the area under the National Heritage Listing, working closely with the traditional owners and the pastoral leaseholders. Following that, early next year, I will write to the Commonwealth seeking World Heritage listing for the area.

Mineral Resources Minister Tom Koutsantonis said the unique nature of the region justified the decision to end mining access.

“Earlier this year, we renewed the one-year exploration licence for Marathon Resources with strict conditions to allow exploration within Arkaroola, as we were legally obliged to do,” Mr Koutsantonis said.

“We acknowledge that the mining industry needs certainty, which is why, at the time, we made it very clear that the exploration licence in no way confers a right to mine, and further that we were actively examining options for the future conservation management of the Arkaroola Sanctuary.

“This government is unashamedly pro-mining, and that’s what’s seen us go from having just four mines in the state when we came to office to 17, with dozens more in various stages of development.

“We have successfully worked with the Federal Government to unlock an area almost the size of England for exploration in the Woomera Prohibited Area (WPA).

“The area in and around the WPA is estimated to hold mineral resources estimated to be worth in excess of a trillion dollars.

“We also recognise that mining, economic development and environmental protection all go hand in hand.

“The Arkaroola Wilderness area is a unique environment, and as such, we are giving it special, one-off legislative protection.”