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TO: ASX COMPANY ANNOUNCEMENTS OFFICE

Tuesday, 9 August 2011

ASX Code: MTN

Shareholder Update - EL 4355 – Paralana Mineral System

On 22 July 2011 Marathon Resources Limited (ASX-MTN) was advised that the South Australian Government proposed to ban mining at Arkaroola in the state's Northern Flinders Ranges.

Following that announcement, on 29 July 2011 the State Government reserved from the operation of the *Mining Act*, and thereby prevented any possibility of mining on, certain parts of the Arkaroola Pastoral Lease, including the entire area covered by Marathon's Mt Gee Exploration Licence (EL4355).

The Company is disappointed with the State Government's decision, given South Australia's growing reputation as a place to invest in the resources sector.

The Marathon Board has appointed Kelly & Co and Arnold Bloch Leibler, and retained the services of senior counsel from South Australia and interstate, to provide advice regarding the Company's options. The Board will decide how to proceed after considering the advice. That may include negotiation with the State Government with a view to reaching an outcome satisfactory to the Company.

The Board will keep the market informed of important developments.

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