

11th November 2011

**TO: COMPANIES ANNOUNCEMENT PLATFORM
AUSTRALIAN SECURITIES EXCHANGE**

Marathon Resources commences Supreme Court action against South Australian Government

The Board of Marathon Resources Ltd (ASX "MTN") advises that it has today commenced legal action against the South Australian Government in relation to the Government's proposed ban on mining at Arkaroola in the Northern Flinders Ranges.

The Government's proposed Arkaroola ban includes Exploration Licence 4355 granted to Marathon by the Government.

The legal proceedings, issued by Kelly & Co Lawyers in the South Australian Supreme Court, seek:

1. Declarations that the SA Government's 29 July 2011 proclamation to exclude Arkaroola from the operation of the Mining Act was invalid on various grounds; and
2. Orders requiring the Mining Registrar to register mineral claims lodged by Marathon in respect of EL 4355.

Despite Marathon providing information about its exploration expenditure on EL4355 at the Government's request, and despite comment from the Government that it would consider compensation for Marathon, the Company has not yet received any proposal in the 112 days that have elapsed since the Government's decision.

Marathon had hoped to resolve its claims against the Government in a manner that recognised the impact of the Government's decision on Marathon and recognised the unprecedented nature of the action taken by the Government to ban mining in an area subject to existing exploration titles. While Marathon will continue to seek a commercial resolution, it believes this will be difficult having regard to the Government's lack of response to date.

In the current circumstances, the Board of Marathon Resources considered it was left with no option but to initiate action against the Government to seek to protect the interests of the Company and its shareholders.

The commencement of legal proceedings follows the issue by Marathon, through leading Australian commercial law firm, Arnold Bloch Leibler, of 100 Freedom of Information requests to various parties in relation to Marathon's concerns about the way in which the Government reached its decision to ban mining over an area the subject of pre-existing exploration rights and the way in which the Government used the proclamation process. FOI requests have been issued to the former SA Premier Mike Rann, Minister for Sustainability, Environment and Conservation, Mr Paul Caica, Minister for Mineral Resources and Energy, Mr Tom Koutsantonis, the SA Department of Environment and Conservation, PIRSA and Crown Law.

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