COMPANY ANNOUNCEMENTS OFFICE AUSTRALIAN SECURITIES EXCHANGE

ASX CODE MTN

Marathon's mineral sands focus under new SA and Victorian exploration agreement

- Option to acquire holding company with mineral sands and other minerals prospects across a portfolio of assets in South Australia and Victoria;
- "Walk-up" drill targets in all tenements acquired under Heads of Agreement
- Priority drilling on key mineral sands prospects in Murray Basin producing area
- Portfolio of assets considered to be prospective
- Extensive work already carried out on relevant prospects

Marathon Resources Limited (ASX: "MTN") will undertake an extensive exploration program on key South Australian mineral sands prospects under an agreement announced today with companies associated with mining entrepreneur and geologist, Mr David Clarke.

Under the Heads of Agreement signed with related entities of Mr Clarke, Marathon has been granted an exclusive option to acquire all of the issued capital in Clarke family company, Australian Desalinated Water Pty Ltd ("ADW"). ADW holds a portfolio of assets in South Australia and Victoria prospective for mineral sands and other minerals.

Marathon's initial exploration program will focus on mineral sands prospects in the Murray Basin region of South Australia and Victoria – already a significant producing area for many years.

Dr Shad Linley, Marathon's Chief Executive Officer, said the company's Board considered the portfolio of assets to be prospective and provided an excellent opportunity for Marathon to continue mineral exploration in South Australia.

"We are confident that the SA tenements and those in Victoria offer exciting future prospects for Marathon and its shareholders."

Dr Linley said the Heads of Agreement had been executed by the Company's wholly-owned Bonanza Gold Pty Ltd subsidiary with three of the Clarke family companies.

"We have been encouraged by the extensive work carried out on these prospects to date by Mr Clarke who has previously been involved with several successful resources industry projects and ASX listings, including the former Stuart Petroleum (now part of Senex Energy) and Australian Zircon," Dr Linley said.

"All of the tenements held by ADW contain 'walk-up' drill targets and we believe commercial assessment can be conducted in a cost-effective and expeditious manner after an immediate drilling program on each site." he said.

"The exploration leases have been subject to magnetics, radiometrics and digital terrain modelling and some drilling has occurred on a mining lease. We see good prospects coming from Marathon's planned program which will complement the existing knowledge of these promising areas."

Pursuant to the terms of the Heads of Agreement, the option to acquire ADW may be exercised at any time on or before 30th June 2017 (or a later date agreed between the parties), subject to Marathon having first completed a bankable feasibility study on the commercial development of mineralisation on any one of the target tenement areas. Marathon will have exclusive rights to explore and evaluate all of the tenements held by ADW pending exercise of the option and ADW will be free carried during that time. Marathon may withdraw from the Heads of Agreement at any time without earning an interest in the tenements or ADW.

It is a further requirement that Marathon position the projects in an entity that is either listed on the ASX or is listed within 120 days of exercise of the option, with the vendor of ADW to be issued with 22% of the post-listed issued capital of (at Marathon's option) the owner or ultimate owner of the tenements. The issue of such shares will be subject to any shareholder approvals required and any ASX imposed escrow restrictions. The vendor will also retain a 1% gross overriding royalty on any minerals produced from the tenements.

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