

TO: ASX COMPANY ANNOUNCEMENTS OFFICE

Monday, 13 February 2012

ASX Code: MTN

ARKARoola COMPENSATION

The Board of Marathon Resources Ltd advises that the South Australian Government has agreed to pay \$5 million as a goodwill payment in compensation to the Company in relation to the Government's proposed ban on mining at Arkaroola in the Northern Flinders Ranges. As a consequence the Supreme Court action brought by MTN against the State Government will be discontinued.

The licence granted to Marathon Resources Limited for the Arkaroola exploration lease, expires on 22nd February 2012 and will not be renewed. Marathon Resources Limited has removed all operating assets from the site and has rehabilitated the area contained within its exploration activities.

The settlement of the Supreme Court action following over seven months of negotiations with the State Government, brings to an end the Company's involvement with exploration in the Arkaroola area and its Mt Gee prospect.

Mr Peter Williams, Marathon Resources Chairman stated "*Whilst the Company would have preferred to have had the opportunity to realise the mineral potential of Mt Gee and surrounding prospects, the settlement goes some way to recognising the shareholder value lost as a result of the ban on mining at Arkaroola. The Board is pleased that this difficult period for the Company has come to an end. The settlement with the State Government allows the Company to move on and seek out new opportunities with sufficient cash resources to exploit them.*"

The Board will now consider how best to utilise the available cash and will make further announcements in due course. The Board will examine projects including continuing support for the North Flinders indigenous people, in order to determine if they meet investment criteria.

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