

TO: ASX COMPANY ANNOUNCEMENTS OFFICE

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MARATHON ANNOUNCES UPDATE TO THE MARKET ON RELISTING

- **ACTIVITY APPROVAL TO COMMENCE APPRAISAL DRILLING AT LEIGH CREEK**
- **UPDATE ON GAS MARKETING STRATEGY AND PROGRESS**
- **EMPLOYMENT OF KEY PERSONNEL**
- **SALE OF TREASURY STOCK**

The Board of Marathon Resources is pleased to announce that the regulatory process for readmission to the ASX had been completed and we wish to thank all those involved in assisting the Board in this process.

As this is our first day as a relisted entity with Marathon Resources embarking on the new business of Gas exploration and production the Board is pleased to be able to update the market on the progress that has taken place in order to get us closer to production.

ACTIVITY APPROVAL TO COMMENCE APPRAISAL DRILLING AT LEIGH CREEK

On the 30th of June 2015 the South Australian Department of State Development approved our Activity Notification Application to allow us (subject to the conditions of the approval) to commence our appraisal drilling program at Leigh Creek. We have engaged a drilling contractor and expect to have the initial phase of drilling program completed by the 3rd quarter of 2015.

The purpose of this drilling program is to secure a JORC 2012 compliant resource at Leigh Creek. This is extremely important as it will allow us to properly and accurately define the coal resource, background water quality in the area and accurately map the coal

seams at Leigh Creek. Once a JORC 2012 compliant resource is defined it is then our intention to use the data to obtain a Petroleum Resource Management System (PRMS) compliant resource that delineates the gas resource within our lease. We will update the market on the progress of results of the drilling programmes information becomes available.

UPDATE ON GAS MARKETING STRATEGY AND PROGRESS

The market for gas in eastern Australia is prospective and demand is strong, despite the recent fall in oil prices.

Planned exports of LNG will require additional gas sources for extension of project lives should expansion occur. Domestic gas use whilst flat is not fully contracted. This constrained supply in the face of rapidly rising demand has caused gas prices to near triple. This situation has been exacerbated by existing shortages, the ISG moratorium in Queensland and doubts over supply of coal seam gas in New South Wales.

Such factors all combine to make the Leigh Creek Energy Project (LCEP) an attractive opportunity to supply gas to domestic markets and industrial consumers.

Gas marketing planning has occurred and gas marketing commenced in late December and has accelerated over the last few months focussing on three (3) areas;

1. Sales of small quantities of gas to industrial users by way of sale of gas options.
2. Understanding gas contract volumes from early production aimed at supporting accurate design of the future plant and associated gas pipeline.
3. Possible sales of gas in the ground to support the long term demand required of the LNG facilities at Gladstone in Queensland. This demand stems from gas required for the first 20 years of operation, gas to extend the life of the plant and possibly gas to expand the size of existing operations.

The LCEP has a number of additional attributes, which should make it an attractive source of gas, as follows;

- It can likely ramp up and down to better meet the needs of industrial users which have variation in gas use due to weather, wind power despatch, or underlying product demand factors.

- It will likely incorporate modest forms of gas storage to support a buffer for its own needs as well as better meet customer's needs.

We commissioned a study by Energy Quest to give us a very detailed understanding of the gas market and opportunities that exist in Australia. We have already held meetings with Retail Gas Suppliers, Domestic Industrial gas users and several international LNG companies. We are pleased to be able to confirm that every meeting has clearly demonstrated to us that the conclusions made in the study are accurate, and there is a very encouraging response by these companies to our business model, and interest in securing gas is extremely high. We will of course update the market on any material progress in these discussions.

There remains much work to be completed operationally, which logically supports gas marketing efforts.

EMPLOYMENT OF KEY PERSONNEL

We are also pleased to be able to advise the market that we have commenced employing key personnel to move this project forward. The Board acknowledges the importance of safety and to this end an experienced safety officer was one of first employment priorities.

We have employed:

- A Health, Safety and Environment Manager
- A Gas Marketing and Investor Relations Manager
- A Geologist to supervise the drilling program
- A CFO

We have also commenced interviewing potential managers and employees to form our InSitu Gasification (ISG) team.

SALE OF TREASURY STOCK

At all times one of our key objectives is to ensure that Marathon Resources has sufficient capital to complete each of our milestones as we move towards gas production. We are also pleased to announce that we are at an advanced stage of negotiation for the sale of 15m treasury shares, as foreshadowed in the Company's Notice of Meeting, and Information Memorandum. This will enable us to raise the capital needed without the need to dilute shareholders. We will

notify the market of any progress or completion with regards to the sale of the treasury stock.

The LCEP Project

The LCEP is located at Leigh Creek in central South Australia approximately 550km north of Adelaide, over and around the existing coalfield, and is contained within PEL 650, itself contained within PELA 647 both assets of Marathon Resources.

The proposed LCEP project intends to develop an in-situ gasification (ISG) process at depth (400m – 1,500m) using standard oil industry technologies. ISG facilities operate by drilling two opposite sides of an underground coal seam. One well injects air or oxygen into the coal seam to initiate the gasification reaction. The other well is used to return syngas to the surface where it is processed further and cleaned for power, gas, and chemical purposes.

The LCEP is conveniently located to a range of markets desiring of commodities as follows:

- Natural gas (methane) is in short supply and has driven a tripling of gas price in recent years. The LCEP is located within 125km of a major gas pipeline (the Moomba-Adelaide Pipeline System).
- Ammonium nitrate for fertiliser and explosives is near 100% imported into South Australia.
- A number of remote mines require electricity and gas provides a lower cost alternative to diesel fuel power generation.

Recent and pending milestones include:

- PEL 650 grant (December 2014).
- Drilling approval June 2015.
- Geophysics and appraisal drilling (planned for the third quarter 2015).
- JORC and related gas is-situ quantification (intended October 2015).
- Gas marketing underway.

Other assets of Marathon Resources

Marathon Resources now has several other assets in South Australia and we will also be evaluating their potential to complement our project.

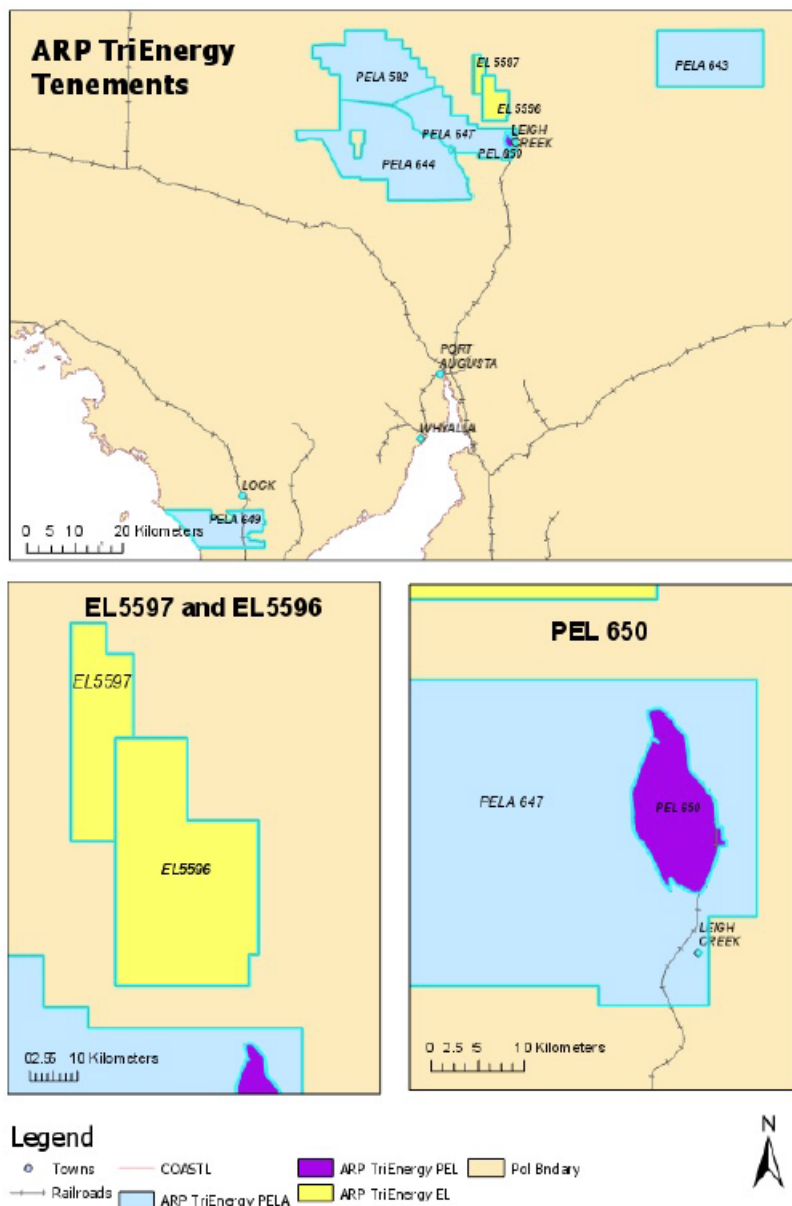
All assets are located in South Australia.

Petroleum Exploration License Applications:

- PL 650 – located at Leigh Creek
- PELA 647 – located west and north west and surrounds PEL 650,
- PELA 582 – located northwest of PELA 647,
- PELA 643 – located in the southern Cooper Basin
- PELA 644 – located south of PELA 582, and
- PELA 649 – located on the Eyre Peninsular, south of Lock.

Exploration License's

- EL 5596 – located north of the Leigh Creek Coal Field,
- EL 5597 – located north west of EL 5597



Conclusion

As a company we looked at many sites around Australia to undertake this project and Leigh Creek stood out above all others we evaluated. The town of Leigh Creek has medical facilities, school and significant infrastructure already in place. It has power, water, rail and a highway and most importantly a potential workforce only kilometres away from the Leigh Creek Mine.

We are very aware of the recently announced closure of the Leigh Creek Coal Mine by Alinta. The issues that surround the closure are



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delicate and it is not appropriate for us to comment other than to say as a company we look forward to developing a close and long term relationship with the people and township of Leigh Creek.

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