

# Freehills

Fax

## Takeover bid by Buttermere Australia Pty Limited (ACN 120 663 710) for Marathon Resources

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From Simon Reed 13 March 2007  
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Pages 8

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To Company Announcements Manager  
Australian Stock Exchange Limited  
Fax 1900 999 279

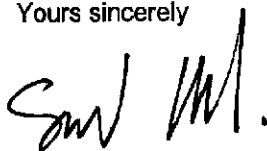
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Dear Sir/Madam

We act for Buttermere Australia Pty Limited (**Buttermere**) in relation to its takeover bid for all the ordinary shares in Marathon Resources Limited (**Marathon**).

Please see the attached first supplementary bidder's statement and notice of variation which were lodged with ASIC today, regarding an increase in the offer price of Buttermere's offer to \$3.52. We also attach a copy of the covering letter which will be sent to Marathon shareholders.

Yours sincerely



**Simon Reed**  
Senior Associate  
Freehills

If you are not the intended recipient:

- please phone the sender immediately (reverse charges)
- you must not disclose or use the information

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## **First Supplementary Bidder's Statement**

**In relation to the Offer by**

**Buttermere Pty Ltd ACN 120 663 710**

**to purchase all your ordinary shares in**

**Marathon Resources Limited ABN 31 107 531 822**

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This document is a supplementary bidder's statement under section 643 of the Corporations Act 2001 (Cth). It is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) issued by Buttermere Pty Limited ACN 120 663 710 (**Buttermere**) in relation to its off-market takeover offer (**Offer**) for all the ordinary shares in Marathon Resources Limited ABN 31 107 531 822 (**Marathon**). This First Supplementary Bidder's Statement supplements, and should be read together with, Buttermere's bidder's statement dated 15 August 2006 (**Bidder's Statement**).

Unless the context otherwise requires, terms defined in this First Supplementary Bidder's Statement have the same meaning as in the Bidder's Statement.

**Buttermere has increased the Offer price to \$3.52 cash per Marathon Share ("Increased Offer") from \$0.68 cash per Marathon Share ("Original Offer")**

### **1 Why you should accept the Increased Offer**

- **A cash offer at a significantly attractive premium:**
  - A premium of 6.7% to the closing price of Marathon shares on 8 March 2007, one day prior to the announcement of the Increased Offer
  - A premium of 10.0% to the 30 trading day volume weighted average price of Marathon shares prior to the announcement of the Increased Offer
  - A premium of 60.2% to the 90 trading day volume weighted average price of Marathon shares prior to the announcement of the Increased Offer
  - A premium of 220% the price of the placement shares of \$1.10 to Talbot Group Holdings Limited and CITIC Australia Pty
- **Buttermere's Increased Offer provides an immediate and significant capital return without any further risk or dilution**



## A significantly attractive premium

Buttermere's Increased Offer of \$3.52 cash represents:

- a 6.7% premium to the closing price one day before the announcement of the Increased Offer
- a 10.0% premium to the 30 trading day volume weighted average price prior to the announcement of the Increased Offer
- a 60.2% premium to the 90 trading day volume weighted average price prior to the announcement of the Increased Offer
- a 220.0% premium to the price of the placement shares of \$1.10 to Talbot Group Holdings Limited and CITIC Australia Pty Limited

The Increased Offer also values Marathon at \$206.5 million on a fully diluted basis<sup>1</sup>, which is:

- approximately \$173.1 million more than what Marathon was valued at under the Original Offer.
- approximately \$179.5 million more than what Marathon was valued at on one day prior to the date of the Announcement (5 July 2006) ("Announcement Date") of the Original Offer.

<sup>1</sup> taking into account shares and options issued since the Original Offer.

Notwithstanding the private placement to Talbot Group Holdings Limited and CITIC Australia Pty Limited, the fact remains that besides Buttermere, no other competing bidders have emerged. Indeed, by giving Talbot Group Holdings Limited and CITIC Australia Pty Limited a significant minority stake in Marathon, Buttermere considers that Marathon has potentially reduced the prospects of a higher competing offer at any time in the near future.

**The Buttermere Increased Offer is a cash offer that provides all Marathon shareholders with a very compelling premium and the opportunity to benefit from the recent strength in the uranium sector as a whole.**



## Immediate capital return without further risk and dilution

Given the very early stage of exploration that Marathon's assets are currently at, there are significant risks and costs associated with Marathon that Marathon's directors acknowledge and accept including the risk that the projects may not prove to be economically viable.

*Indeed, at its Annual General Meeting on 16 November 2006, Marathon indicated that under a typical development timetable, the earliest one would expect operations to commence at the Mt. Gee project would be 2012 – which is almost 6 years away. The bankable feasibility study for uranium mining itself is not expected to be completed until 2009. Unless a shareholder sells their shares, it will be years before Marathon shareholders receive any returns from their investment and even then, only provided the resources prove to be economic and provided external market conditions remain favourable.*

**Buttermere's Increased Offer provides all Marathon shareholders with a very attractive return from an investment where the quantum and timetable of dividend returns remains highly uncertain and unknown.**



## Conclusion

Marathon shareholders face a simple choice:

- to remain a Marathon shareholder for a sustained period without any assurance that Mt. Gee or any of its other exploration projects will be developed; or
- by accepting Buttermere's Offer (or selling on-market), realise a very attractive capital return on their investment immediately, while avoiding any and all risks associated with Marathon and its various projects.

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## 2 Further information

### 2.1 Amendments to the Bidder's Statement

Attached to this First Supplementary Bidder's Statement is a notice under section 650D of the Corporations Act which formally varies the terms of the Offer to give effect to the increase in the consideration offered (as stated above).

All references in the Bidder's Statement to the consideration under the Offer of \$0.68 cash per Share are replaced with references to \$3.52 cash per Share.

Under the Increased Offer, if acceptances are received for all Shares (including the recent 6.5 million share placement to Talbot Group Holdings Limited and CITIC Australia Pty Limited – see the reference to the ASIC relief application below) on issue as at the date of this First Supplementary Bidder's Statement, the amount of cash that Buttermere would be required to pay under the Increased Offer would be approximately \$176.0 million.

In addition, if holders of all Options on issue as at the date of this First Supplementary Bidder's Statement (including the 3 million Options issued to executive directors – see the reference to the ASIC relief application below) exercise those Options and accept the Offer in respect of the Shares issued to them, an additional approximately \$30.5 million will be payable by Buttermere under the Offer.

Accordingly, the maximum amount that Buttermere could be required to pay under the Increased Offer is approximately \$206.5 million.

### 2.2 Funding of the Increased Offer

Section 5.2 of the Bidder's Statement sets out the sources of the cash consideration for the Offer.

The additional amount payable under the Increased Offer will be funded in part by the existing funding agreement between Crosby (through CIH) and Buttermere BVI (referred to in section 5.2(a) of the Bidder's Statement) whereby Crosby, through CIH, has agreed to loan to Buttermere BVI up to US\$40 million to fund part of the total cash consideration required to satisfy Buttermere's obligations under the Increased Offer.

Crosby has agreed to amend the funding agreement so that it is available in respect of a drawdown notice given before 31 August 2007. Buttermere BVI has also agreed to amend its subscription agreement with Buttermere to the same effect.

Referring to section 5.2 of the Bidder's Statement, Crosby has cash and receivables balances and a portfolio of listed marketable securities substantially in excess of the maximum amount required to contribute under the funding agreement with Buttermere BVI.

The amount required for the balance of the Increased Offer (together with amounts required to cover all transaction costs associated with the Increased Offer) will be available to Buttermere BVI (which in turn will make that amount available to Buttermere pursuant to the existing subscription agreement) through a separate financing agreement with PT Panincorp (of Indonesia), under which PT Panincorp will subscribe for convertible redeemable preference shares in Buttermere BVI (which, on conversion, entitle PT Panincorp to hold shares in Buttermere BVI which are non-voting but participate equally with ordinary shares in relation to dividends and distribution of funds upon winding up).

The financing agreement is subject to a condition precedent that Buttermere and its associates having a relevant interest in at least 90% of the Marathon shares on issue (which is also a condition of the Offer, as stated in section 9.7.1 of the Bidder's Statement). The funding is available under the financing agreement until 31 August 2007.

PT Panincorp is one of the primary holding companies of the Panin Group, which is one of the most respectable and prominent business groups in Indonesia. The Group has significant business interests primarily in the financial services industry and owns significant holdings in Panin Bank, in addition to interests in a life insurance and a general insurance company, as well as a securities trading company.

Panin Bank is the 8th largest bank, and one of the most reputable banks, in Indonesia. It is listed on the Jakarta Stock Exchange with a market capitalisation of approximately US\$1.2 billion. Panin Bank is a full service commercial bank providing a wide range of services both for consumers and corporations. As at 30 September 2006, Panin Bank had total assets of approximately US\$3.9 billion and shareholders' equity value of approximately US\$708 million. Together with ANZ, Panin Bank also owns the joint venture bank ANZ Panin Bank, a full service commercial bank. Panin Bank owns 15% of the joint venture while ANZ holds the rest.

Panin Life is a life insurance company listed on the Jakarta Stock Exchange with a market capitalisation of approximately US\$388 million. As at 30 September 2006, it had total assets of approximately US\$537 million and shareholders' equity of approximately US\$389 million.

Panin Insurance is a general insurance company that is listed on the Jakarta Stock Exchange with a market capitalisation of US\$115 million. As at 30 September 2006, Panin Insurance had total assets of approximately US\$609 million and shareholders' equity value of approximately US\$233 million.

There will be no change to the ownership of voting shares in either Buttermere or Buttermere BVI as a result of the amendment of the facilities referred to in this section 2.2.

### **2.3 Offer Period**

The Offer is due to close at 7.00pm (Sydney time) on 4 May 2007 (unless extended).

### **2.4 Conditions**

Buttermere does not intend to treat either of:

- the issue of 3.25 million ordinary shares to each of Talbot Group Holdings Pty Limited and CITIC Australia Pty Limited; or
- the granting of 3 million new Options to Marathon's executive directors, following approval at Marathon's 2006 annual general meeting,

as a breach of the relevant conditions in Buttermere's Offer (specifically, the condition set out in clause 9.7.6(d) of the Bidder's Statement).

## 2.5 Newly issued Marathon Shares

Subject to an ASIC modification (which Buttermere will apply for shortly), Buttermere proposes to extend its Increased Offer (on the same terms as it is made to all existing Marathon shareholders) to:

- the 6.5 million Marathon shares issued to Talbot Group Holdings Pty Limited and CITIC Australia Pty Limited; and
- any Marathon shares which are issued upon exercise of the 3 million new Options to be granted to Marathon's executive directors, following approval of the issue of those options at Marathon's 2005 annual general meeting.

## 2.6 Other information

This First Supplementary Bidder's Statement contains statements made by, or statements said to be based on statements made by Crosby. Crosby has consented to the inclusion of:

- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which the statements appear and neither has withdrawn that consent as at the date of this First Supplementary Bidder's Statement.

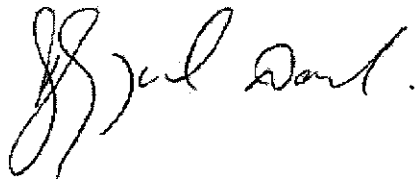
This First Supplementary Bidder's Statement contains statements made by, or statements said to be based on statements made by PT Panincorp. PT Panincorp has consented to the inclusion of:

- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which the statements appear and neither has withdrawn that consent as at the date of this First Supplementary Bidder's Statement.

A copy of this First Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Signed for and on behalf of Buttermere Australia Pty Ltd following a resolution of the directors of Buttermere Australia Pty Ltd.



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**Bhagyesh Dash**  
**Director**

Dated: 13 March 2007

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**Buttermere Australia Pty Limited ACN 120 663 710 ("Buttermere")**  
**Company notice – subsection 650D(1) Corporations Act 2001 (Cth)**  
**Notice of variation – increase in consideration offered**

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**To:** Australian Securities and Investments Commission (**ASIC**);  
Marathon Resources Limited ABN 31 107 531 822 (**Marathon**); and  
Each person to whom offers were made under the takeover bid referred to in  
this notice.

## **1 Increase in Consideration Offered**

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Buttermere gives notice under section 650D(1) of the Corporations Act 2001 (Cth) that:

- (1) its Offer in the Bidder's Statement is varied by increasing the Offer Price from \$0.68 for each Marathon share to \$3.52 for each Marathon share; and
- (2) accordingly, the Offer is varied by replacing the amount '\$0.68' with the amount '\$3.52' in each place it appears in the Bidder's Statement.

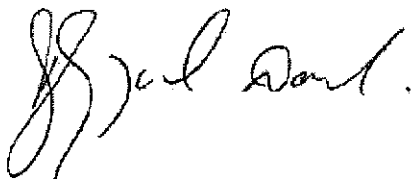
## **2 Lodgement with ASIC**

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A copy of this notice was lodged with ASIC on 13 March 2007. ASIC takes no responsibility for the contents of this notice.

**DATED:** 13 March 2007

**Signed** for and on behalf of Buttermere pursuant to a resolution passed by the directors of Buttermere.



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Bhagyesh Dash  
Director

# Buttermere Australia Pty Limited

## ACN 120 663 710

13 March 2007

Dear Marathon Shareholder:

Buttermere Australia Pty. Limited ("Buttermere") is pleased to have announced the increase in the Offer price for Marathon to \$3.52 cash per Marathon share (Increased Offer") from \$0.68 cash per Marathon share.

Buttermere believes that the Increased Offer provides you with a compelling and certain opportunity to profitably exit from your investment and thereby transfer all future risks in relation to the ongoing development of Marathon to Buttermere.

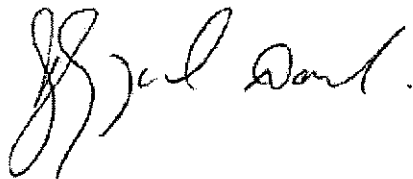
Indeed, it is Buttermere's view that the Increased Offer is offering you a significant premium that reflects fair value for your Marathon shares.

Enclosed with this letter is a formal variation notice and a supplementary bidder's statement in relation to the Increased Offer as well as, for your convenience, an acceptance form.

I strongly urge you to accept the Buttermere Offer by completing and returning the enclosed acceptance form without delay.

The Offer is scheduled to close at 7pm (Sydney time) on 4 May 2007 (unless extended).

**Yours Sincerely,**



**Bhagyesh Dash**  
Director