

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

## Notice of Annual General Meeting

**Notice is hereby given that the Annual General Meeting of the Shareholders of Marathon Resources Limited will be held at The Sebel Playford, 120 North Terrace, Adelaide, South Australia on Thursday 15 November 2007, at 9.45am (Adelaide time).**

### Business:

#### Accounts

To consider the financial report and the reports of the Directors and of the Auditors for the financial year ended 30 June 2007.

#### Resolution 1 - Re-election of Dr J Santich as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Dr J Santich, having retired by rotation in accordance with the Company’s Constitution and having offered himself for re-election, is hereby re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

#### Resolution 2 - Re-election of Mr D Wood as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr D Wood, having retired in accordance with clause 44.3(a) of the Company’s Constitution and having offered himself for re-election, is hereby

re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

#### Resolution 3 - Re-election of Mr C Zeng as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr C Zeng, having retired in accordance with clause 44.3(a) of the Company’s Constitution and having offered himself for re-election, is hereby re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

#### Resolution 4 - Adoption of the Remuneration Report for the year ended 30 June 2007

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2007 as set out in

the Directors' Report section of the Annual Report."

The vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the Directors of the Company.

### **Special Business:**

#### **Resolution 5 - Ratification of Prior Securities Issue**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the allotment and issue of a total of 3,250,000 Shares, on 29 November 2006, at an issue price of \$1.10 per Share, to Talbot Group Holdings Pty Ltd, is approved and ratified."

#### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 5 by Talbot Group Holdings Pty Ltd or any associate of Talbot Group Holdings Pty Ltd.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

#### **Resolution 6 - Ratification of Prior Securities Issue**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the allotment and issue of a total of 3,250,000 Shares, on 22 December 2006, at an issue price of \$1.10 per Share, to CITIC Australia Pty Limited, is approved and ratified."

#### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 6 by CITIC Australia Pty Ltd or any associate of CITIC Australia Pty Ltd.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

#### **Resolution 7 – Approval of increase in aggregate fees payable to non-executive Directors**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.17 and in accordance with clause 50.2 of the Constitution, approval is hereby given for the maximum aggregate fees payable to non-executive Directors to be increased from \$150,000 to \$300,000 per annum."

Information regarding Resolution 7 can be found in the Explanatory Memorandum

#### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 7 by a non-executive Director or any associate of a non-executive Director.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

# Information for Members

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## Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice.

Members are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Memorandum.

## “Snap-shot” Time

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that for the purposes of voting at the meeting, Shares will be taken to be held by those who hold them as at 5.00pm Adelaide time on Tuesday 13 November 2007.

## Proxies

A Shareholder entitled to attend and vote at the meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate and need not be a Shareholder. If a Shareholder is entitled to cast two or more votes, the Shareholder may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the proportion is not specified, each proxy may exercise half of the Shareholder's voting rights. Fractional votes will be disregarded.

Please read carefully the instructions on the enclosed Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote “for”, “against” or “abstain” from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be signed in accordance with the Company's

constitution, or as authorised by the Corporations Act.

To be valid, the Proxy Form must be lodged at least 48 hours before the time for holding the meeting by one of the following methods:

- (a) by mail or in person at the registered office of the Company or the office of the Company's Share Registry:

Computershare Investor Services Pty Limited  
GPO Box 1903  
ADELAIDE SA 5001  
Level 5, 115 Grenfell Street  
Adelaide, South Australia

- (b) by facsimile to the Company's Share Registry on (08) 8236 2305.

If the Proxy Form is executed under a power of attorney which has not been noted by the Company, the power of attorney must accompany the Proxy Form.

In the case of joint Shareholders, the names of all joint Shareholders should be shown and all joint Shareholders should sign the Proxy Form.

## Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the meeting or handed in at the meeting when registering as a corporate representative.

## By order of the Board

**S M Appleyard**  
Company Secretary  
Marathon Resources Limited

12 October 2007

# Explanatory Memorandum

## Introduction

This Memorandum has been prepared for the information of Shareholders of Marathon Resources Limited (referred to in this Memorandum as “the **Company**”) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Sebel Playford, 120 North Terrace, Adelaide South Australia on Thursday 15 November 2007 at 9.45am (Adelaide time).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are either defined in the Glossary or elsewhere in this Explanatory Memorandum.

## Resolution 1 - Re-election of Dr Santich as a Director

In accordance with Listing Rule 14.4 and clause 46 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

The Directors presently in office are Mr Peter Williams, Dr John Santich, Dr Wieslaw Bogacz, Mr Denis Wood and Mr Chen Zeng. In accordance with clause 44.3(b) of the Constitution, Mr Dennis Wood and Mr Chen Zeng will not be taken into account in determining the number of Directors that must retire by rotation.

Dr John Santich is the Director who retires by rotation at the Annual General Meeting. He has offered himself for re-election.

Dr Santich is an engineer and lawyer with over three decades of experience in mining, geoscience and industry. He has wide experience in the direction and management of mining and technology-oriented companies. Dr Santich was instrumental in establishing Burmine Limited, as a founding director, which became a successful gold miner in Western Australia, as well as Minotaur Gold Limited (the precursor of Minotaur Resources Limited, later Minotaur Exploration Ltd). Primarily focused on the establishment and direction of resource companies, Dr Santich has also established high technology companies promoting the advanced analysis of rotating machinery and the application of renewable energy resources. He has also worked with resource oriented technical and legal teams, covering policy and legislative review, and is a consultant in resource and energy law to the Adelaide legal firm Lynch Meyer.

An assessment of the performance of Dr Santich has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Dr Santich) recommend Shareholders vote in favour of Resolution 1. The Chairman intends to vote undirected proxies in favour of this resolution.

## Resolution 2 - Re-election of Mr D Wood as a Director

Mr Dennis Wood was appointed as a Director by the Board on 29 November 2006. Under clause 44.3(a) of the Constitution, the Board may appoint any person as a Director as an addition to the Board, provided that a Director appointed under this clause retires at the first annual general meeting following his or her appointment.

In accordance with the Constitution, Mr Wood retires at the Annual General Meeting. He has offered himself for re-election.

Mr Wood is currently Chief Executive Officer of Queensland Coke & Energy Pty Ltd. Prior to assuming that role, he was responsible for the successful development and operation of the Coppabella Coal Project in Queensland as managing director of Australian Premium Coals Pty Ltd. Mr Wood is also a director of Resource Development of Talbot Group Holdings, a Queensland-owned and operated investment group focusing on the resource sector with an

asset base in excess of \$450 million. Mr Wood is a graduate of Macquarie University BSc (Geology) and holds a Metallurgy Certificate from the Department of Technical Education. He has over 37 years of experience in the steel and coal industry including experience in steel production, coal preparation, marketing, business development and new mine development.

An assessment of the performance of Mr Wood has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr Wood) recommend Shareholders vote in favour of Resolution 2. The Chairman intends to vote undirected proxies in favour of this resolution.

### **Resolution 3 - Re-election of Mr C Zeng as a Director**

Mr Chen Zeng was appointed as a Director by the Board on 27 December 2006. Under clause 44.3(a) of the Constitution, the Directors may appoint any person as a Director as an addition to the Board, provided that a Director appointed under this clause retires at the first annual general meeting following his or her appointment.

In accordance with the Constitution, Mr Zeng retires at the Annual General Meeting. He has offered himself for re-election.

Mr Zeng has been the managing director of CITIC Australia Pty Ltd since November 2002. CITIC Australia Pty Ltd is the Australian arm of China's giant state-owned CITIC Group, which has assets of over US\$100 billion and investments in banking, financial, energy and raw materials businesses. Mr Zeng joined the group in 1989 and transferred to Australia in 1994. He has over 17 years experience managing various business operations, business and asset restructures, and has developed a number of projects for the CITIC and CITIC Australia groups. He is also an executive director of the Hong Kong-listed CITIC Resources Holdings Ltd. Mr Zeng holds a Master's Degree in International Finance from the Shanghai University of Finance and Economics. China is likely to be the primary market for Australian uranium in coming years and Mr Zeng's knowledge and access will be an excellent resource for Marathon.

An assessment of the performance of Mr Zeng has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr Zeng) recommend Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of this resolution.

### **Resolution 4 - Adoption of the Remuneration Report**

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2007.

The Remuneration Report is contained in the Directors' Report on page 17 of the 2007 Annual Report. The Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Members should note that the vote on Resolution 4 is not binding on the Company or the Directors.

The Directors recommend Shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of the Resolution.

### **Resolution 5 and 6- Ratification of Prior Securities Issue**

On 9 November 2006 the Company announced it had negotiated a placement of 6,500,000 Shares to CITIC Australia Pty Ltd and Talbot Group Holdings Pty Ltd at an issue price of \$1.10 per Share to raise up to \$7.15 million.

On 29 November 2006, the Company placed 3,250,000 of those 6,500,000 Shares to Talbot Group Holdings Pty Ltd at a subscription price of \$1.10 per Share.

On 22 December 2006, the Company placed the balance of those Shares (being 3,250,000 Shares in total) to CITIC Australia Pty Ltd at a subscription price of \$1.10 per Share.

Shares under both placements were issued within the 15% annual limit permitted under Listing Rule 7.1 without Shareholder approval. Under ASX Listing Rule 7.4, a company can seek ratification of any issue of equity securities made by it within a 12 month period. The effect of such ratification is that the issue of equity securities is then deemed to have been made as if Shareholder approval had been obtained, thus not counting towards the 15% limit.

Resolutions 5 and 6 seek ratification by Shareholders of the issue of the 3,250,000 Shares to each of CITIC Australia Pty Limited and Talbot Group Holdings Pty Ltd (or 6,500,000 Shares in total). If the Resolutions are passed then those Shares will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the 15% limit prescribed by ASX Listing Rule 7.1. Resolutions 5 and 6 are to be considered as ordinary resolutions.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued under each placement was 3,250,000 Shares, or 6,500,000 Shares in total.
- (b) the issue price for Shares under each placement was \$1.10 per Share.
- (c) the Shares issued under each placement were allotted as fully paid and rank equally with the existing Shares on issue.
- (d) 3,250,000 Shares were allotted and issued to CITIC Australia Pty Ltd and 3,250,000 were allotted and issued to Talbot Group Holdings Limited. None of these persons are related parties of the Company.
- (e) funds raised from the issue have been used to advance the Company's continued investigation of the Paralana Mineral System in North Flinders Rangers, together with the Company's other tenements, and for general working capital purposes.

The Directors recommend Shareholders vote in favour of Resolution 5 and 6. The Chairman intends to vote undirected proxies in favour of both Resolution 5 and 6.

#### **Resolution 7- Approval of increase in aggregate non-executive Directors fees**

ASX Listing Rule 10.17 and clause 50.2 of the Constitution provides that the Company must not increase the total fees payable by it to its non-executive Directors without first obtaining Shareholder approval to the increase.

The maximum aggregate for the non-executive Directors fees has not been increased since the Company's 2005 Annual General Meeting. The remuneration provided to each non-executive Director for the financial year ended 30 June 2007 is set out in the Directors' and Executives' Remuneration on page 17 of the 2007 Annual Report.

For the purposes of ASX Listing Rule 10.17 and clause 50.2 of the Constitution, Resolution 7 seeks Shareholder approval to increase the aggregate maximum fees that may be paid by the Company to its non-executive Directors from \$150,000 per annum to \$300,000 per annum.

The Board considers it necessary to increase the aggregate maximum fees payable to non-executive Directors to \$300,000 per annum to allow the Company to increase fees payable to existing non-executive directors and/or appoint additional non-executive Directors in the future as and when required.

As the non-executive Directors have an interest in Resolution 7 they do not wish to make a recommendation as to how Shareholders ought to vote on Resolution 7. The executive Directors, Dr John Santich and Dr Wieslaw Bogacz recommend Shareholders vote in favour of Resolution 7. The Chairman intends to vote any undirected proxies in favour of Resolution 7.

## **GLOSSARY**

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

<b>ASX</b>	ASX Limited.
<b>Board</b>	board of Directors.
<b>Company</b>	Marathon Resources Limited ACN 107 531 822.
<b>Constitution</b>	constitution of the Company.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	director of the Company.
<b>Share</b>	fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	shareholder of the Company.