

1 March 2011

Manager Companies
Companies Announcements Office
Australian Securities Exchange Ltd

E-Lodgement via ASX On-Line

Dear Sir/Madam

ASX Code: MTN
Despatch of Notice of Meeting

Enclosed, please find Notice of Extraordinary General Meeting despatched today to shareholders.

Yours sincerely



Sam Appleyard
Company Secretary



Marathon Resources Ltd
ABN 31 107 531 822

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the Shareholders of Marathon Resources Limited will be held at The Sebel Playford, 120 North Terrace, Adelaide, South Australia on Monday, 4 April 2011 at 9:00am (Adelaide time).

Special Business:

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

Resolution - Approval of previous issue of shares

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue and allotment by the Company of 10,920,301 Shares, at an issue price of \$0.50 per Share, to a number of placees, is approved."

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution by any person that participated in the issue, or any of their respective associates.

However the Company need not disregard a vote if:

- (a) it is cast by a 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

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting is incorporated in and comprises part of this Notice of Extraordinary 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 Extraordinary 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 9.00am (Adelaide time) on Saturday, 2 April 2011.

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 the resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

To record a valid vote, members will need to take either of the following steps:

- (a) Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form; or
- (b) Complete and lodge the Proxy Form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia),

by no later than 9.00am (Adelaide time) on Saturday, 2 April 2011.

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 Ltd
10 February 2011

Explanatory Memorandum

Introduction

This Memorandum has been prepared for the information of Shareholders of Marathon Resources Ltd in connection with the business to be conducted at the Extraordinary General Meeting of the Company to be held at The Sebel Playford, 120 North Terrace, Adelaide, South Australia on Monday, 4 April 2011 at 9:00am (Adelaide time).

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

Resolution - Approval of previous share issue

Background

The Resolution seeks shareholder approval under Listing Rule 7.4 to the recent placement of 10,920,301 Shares at \$0.50 each to key institutions and the Company's major shareholders at the time, Talbot Group Investments Pty Ltd and CITIC Australia Pty Ltd, completed on 10 February 2011 (**Placement**).

The Placement raised a total of \$5.46 million, before expenses.

The 10,920,301 Placement Shares represented approximately 14% of the Company's issued share capital immediately prior to the issue and allotment of the Placement Shares on 10 February 2011.

ASX Listing Rule 7.4

ASX Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by the Company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 states that an issue by a company of equity securities made without prior approval under Rule 7.1 is treated as having been made with approval for the purpose of Rule 7.1 if the issue did not breach Rule 7.1 and the Company's members subsequently approve it.

The Placement Shares came within the Company's 15% placement limit under Listing Rule 7.1 and Shareholder approval was not required in relation to the issue. The Placement has, however, used up the majority of the Company's 15% placement limit under Listing Rule 7.1.

Accordingly, in order to refresh the Company's capacity under Listing Rule 7.1 to the extent of the Placement, the Resolution seeks approval by Shareholders of the issue of the Placement Shares for the purposes of Listing Rule 7.4. If the Resolution is passed then the Placement Shares will be deemed to have been issued with Shareholder approval and will not be counted towards the 15% limit prescribed by ASX Listing Rule 7.1.

The Resolution is to be considered as an ordinary resolution.

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 the placement was 10,920,301 Shares;
- (b) the issue price for the securities was \$0.50 per Share;
- (c) the Shares were allotted as fully paid and rank equally with the existing Shares on issue;
- (d) the Shares were issued and allotted to Talbot Group Investments Pty Ltd, CITIC Australia Pty Ltd and certain key institutions selected by the Company and introduced by an investment banker; and
- (e) The proceeds from the Placement will be used to fund Marathon's general working capital requirements and further exploration and development of its mining tenements. This includes approved exploration activities on the highly prospective EL 4355, which will focus on:
 - (i) increasing Marathon's knowledge of known deposits;
 - (ii) testing the recently discovered high grade shear systems; and
 - (iii) assessing rare earth element (REE) occurrences within the tenement.

If the Resolution is not passed, the Placement Shares will be counted towards the 15% limit under Listing Rule 7.1 for a period of 12 months from the date of issue of those Placement Shares.

Recommendation of Directors

Each Director recommends and commends the Resolution to Shareholders as being in the best interests of the Company as a whole. The Directors voted unanimously in favour of recommending the Resolution to Shareholders.

GLOSSARY

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

"**\$**" means Australian dollars.

"**ASX**" means ASX Limited ACN 008 624 691.

"**Board**" means the Board of Directors from time to time.

"**Company**" or "**Marathon**" means Marathon Resources Ltd ABN 31 107 531 822.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Directors**" means the directors of the Company from time to time and "**Director**" means any one of them.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Meeting**" or "**Extraordinary General Meeting**" means the extraordinary general meeting of Shareholders of the Company or any adjournment thereof, convened by the Notice.

"**Notice**" or "**Notice of Extraordinary General Meeting**" means the notice of extraordinary meeting which accompanies this Explanatory Memorandum.

"**Placement Shares**" means 10,920,301 Shares issued at \$0.50 each.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a holder of Shares in the Company.