

Tuesday 4 August 2009

Manager Companies
Company Announcements Office
Australian Securities Exchange Limited

By e lodgement: ASX On-Line

Dear Sir/Madam

ASX Code: MTN
Notice of Extraordinary General Meeting/Sample Proxy Notice

I enclose a copy of the Company's Notice of Extraordinary General Meeting, Explanatory Memorandum, and sample of the accompanying form of Proxy Notice, being sent today to the Company's shareholders.

Yours faithfully



Sam Appleyard
Company Secretary



Marathon Resources Ltd
235 Port Road, Hindmarsh SA 5007
PO Box 566, Hindmarsh SA 5007

T +61 (0)8 8348 3500
F +61 (0)8 8346 8111
www.marathonresources.com.au

Marathon Resources Limited

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 Wednesday, 2 September 2009, at 9:00am (Adelaide time).

Special Business:

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

Resolution 1 - Approval of grant of Options to the Managing Director

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the grant by the Company of 1,000,000 unlisted Options to the nominee of the Managing Director, Dr John G (Shad) Linley, on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying the Notice of this Meeting, is approved.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by Dr John G (Shad) Linley, his nominee, any of their associates, or any person who might obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities.

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 Monday, 31 August 2009.

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 (see CDA sample attached) ; 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 Monday, 31 August 2009.

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
27 July 2009

Explanatory Memorandum

Introduction

This Memorandum has been prepared for the information of Shareholders of Marathon Resources Limited 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 Wednesday, 2 September 2009 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 1 - Approval of grant of Options to Managing Director

1. Background

On 10 June 2009 Marathon Resources announced the appointment of Dr John G (Shad) Linley as its Chief Executive Officer and Managing Director, effective immediately. Details of the terms of Dr Linley's appointment were announced on 7 July 2009. Dr Linley joined the Board of Marathon as Non-Executive director on 30 June 2008 and will remain on the Board but as Executive Director.

Resolution 1 seeks approval of the grant of 1,000,000 Options to Dr Linley's nominee, on the terms set out in Annexure A to this Explanatory Memorandum. Dr Linley has nominated his family discretionary trust, known as "The Dr J G Linley Family Settlement", to be granted the Options.

The Options, if approved for grant, will form part of Dr Linley's remuneration package. The Options will be additional to a cash salary of \$100,000 per annum (inclusive of government mandated superannuation contributions) and any director's fee Dr Linley is entitled to, which is currently \$40,000 per annum.

Dr Linley currently holds 375,000 Shares.

2. Key Details of Options

The key details of the options proposed to be granted to Dr Linley's nominee are as follows:

- (a) 1,000,000 Options will be granted to Dr Linley's nominee, his family discretionary trust known as "The Dr J G Linley Family Settlement";
- (b) the Options may be exercised at any time during the three year period from the date of their issue;
- (c) the exercise price of the options will be \$0.80 per Share.
- (d) the Options will lapse if not exercised by the earlier of their exercise expiry date and the date that is 12 months after the date Dr Linley ceases to be employed by the Company.
- (e) the Options will not be quoted on ASX.

The full terms and conditions of the Options are set out in Annexure A.

3. ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity grants, or agrees to grant, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

The grant of the Options to Dr Linley's nominee requires the Company to obtain Shareholder approval because Dr Linley's nominee is a Related Party of the Company by reason of it being controlled by Dr Linley who, as a Director, is also a Related Party of the Company.

It is the view of the Directors (excluding that of Dr Linley) that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought under Listing Rule 10.11 for the grant of Options to Dr Linley.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 10.11. In accordance with Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 1:

- (a) The Options will be granted to Dr Linley's nominee, his family discretionary trust known as "The Dr J G Linley Family Settlement". Dr Linley is the Trustee, Appointor and principal Beneficiary of his family discretionary trust;
- (b) the maximum number of Options that may be granted by the Company to Dr Linley's nominee is 1,000,000 Options. If all the Options are exercised, 1,000,000 Shares will be issued as a result of the exercise of those Options;
- (c) if Resolution 1 is approved by Shareholders, the Options will be granted by the Board no later than one month after the date of Resolution 1 being passed;
- (d) the Options will be granted for no consideration and therefore no funds will be raised by the grant of the Options to Dr Linley's nominee. The exercise price of the Options is \$0.80 per Share. Any funds raised from time to time due to the exercise of any of those Options will be used as the Board sees fit; and
- (e) the Options will be granted on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

4. ASX Listing Rule 7.1

Approval pursuant to Listing Rule 7.1 is not required in order to grant the Options to Dr Linley's nominee if approval is obtained under Listing Rule 10.11, accordingly Shareholder approval is not sought for the purposes of Listing Rule 7.1.

By approving the grant of Options to Dr Linley's nominee under Listing Rule 10.11, the issue will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

5. Chapter 2E Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) Shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Dr Linley is considered to be a Related Party of the Company because he is a director of the Company, and his nominee family discretionary trust is also a Related Party of the Company because it is controlled by Dr Linley, a Related Party.

The proposed grant of Options by the Company to Dr Linley (or his nominee) constitutes the giving of a financial benefit to a Related Party of the Company. However it is the view of the Directors that the proposed grant of Options falls under one of the nominated exceptions to the Chapter 2E provisions.

The relevant exception, contained in section 211(1) of the Corporations Act, states that shareholder approval is not required in order to give a financial benefit to a Related Party if that benefit is reasonable remuneration given to an employee. The Directors have commissioned an independent report on the proposed remuneration of Dr Linley. The report compares Dr Linley's total remuneration to that of similar employees in similar companies. Based on this report, it is the view of the Directors (excluding that of Dr Linley) that the proposed grant of Options to Dr Linley's nominee as part of Dr Linley's remuneration is reasonable in the Company's circumstances and for the position in which Dr Linley is employed, and that, for the purposes of Chapter 2E of the Corporations Act, the proposed grant of Options does not require Shareholder approval under the Corporations Act.

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 Limited 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.

"**Option**" means an option to subscribe for a Share, on the terms set out in Annexure A of this Explanatory Memorandum.

"**Directors**" means Messrs Peter Williams, Chen Zeng and Christopher Schacht and Dr John G (Shad) Linley and "**Director**" means any one of them.

"**Related Party**" has the meaning given to that term in Section 228 of the Corporations Act.

"**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.

ANNEXURE A - TERMS AND CONDITIONS OF OPTIONS

1. The holder of the Options (**Option Holder**) is entitled on payment of A\$0.80 per Share (the **Exercise Price**) to be issued and allotted one ordinary fully paid Share for each Option exercised (subject to possible adjustments as referred to below) by the Option Holder.
2. Options held by the Option Holder may be exercised at any time from the date of issue until the date that is the third anniversary of the issue date of the Options (the **Expiry Date**).
3. Each Option will lapse if not exercised by the earlier of the Expiry Date and the date that is 12 months from the date on which Dr J (Shad) G Linley ceases for whatever reason to be employed by the Company.
4. Each Option may be exercised by notice in writing to the Company lodged at the office of the Company's share registry together with payment of the Exercise Price for each Option exercised. The minimum number of Options which may be exercised at any time is a marketable parcel except where less than that number is held in which case all Options held by one holder must be exercised.
5. The Company will not apply for official quotation of Options on the ASX. The Company will make application for official quotation on the ASX of new Shares allotted on exercise of Options. Shares allotted on exercise of Options will participate equally in all respects with existing issued ordinary Shares. In particular, Shares allotted on exercise of Options will qualify for dividends declared after the date of allotment.
6. Options carry no right (without exercising the Options) to participate in rights issues, which may be offered by the Company to its Shareholders after the date of issue of the Options, or in bonus issues or dividends. However the Company must give prior notice to the Option Holder of any new issue before the record date for determining entitlements to the issue in accordance with ASX Listing Rules and the Option Holder will have the right to exercise the Options prior to the record date for determining entitlements.
7. If during the currency of Options the issued share capital of the Company is reorganised, the number of Options and/or the Exercise Price will be reorganised in accordance with the ASX Listing Rules applying to reorganisations of share capital as at the time of the reorganisation.
8. If the Company makes a rights issue (other than a bonus issue) to the holders of ordinary Shares in the capital of the Company, the exercise price of Options on issue may be reduced according to this formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying ordinary Shares into which one Option is exercisable;

P = the average closing sale price per ordinary Share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

- S = the subscription price for an ordinary Share under the pro rata issue;
- D = the dividend due but not yet paid on each ordinary Share at the relevant time (except those to be issued under the pro rata issue); and
- N = the number of ordinary Shares that must be held to entitle holders to receive a right to one new ordinary Share in the pro rata issue.

9. If there is a bonus issue to the holders of ordinary Shares in the capital of the Company, the number of ordinary Shares over which the Option is exercisable will be increased by the number of ordinary Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
10. The Options are not transferable except if the Options are held on trust and there is a change of the trustee of the trust, in which case the Options may be transferred to the persons who are, for the time being and from time to time, the trustees of that trust in their capacity as trustee of that trust.
11. The Option Holder appearing on the Company's register of option holders at the relevant date will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meetings and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.
12. If the Company's Shares come to be listed on any stock exchange other than ASX these terms may be amended to reflect that listing as the Board of Directors of the Company, acting reasonably, thinks fit.

000001 000 MTN
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 9.00am (Adelaide time) Monday, 31 August 2009

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Marathon Resources Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Marathon Resources Limited to be held at The Sebel Playford, 120 North Terrace, Adelaide, South Australia at 9.00am (Adelaide time) on Wednesday 02 September 2009 and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

1. Approval of grant of Options to Managing Director

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____

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Computershare