



## OPTION TERMS AND CONDITIONS

The TERMS AND CONDITIONS appearing below are an abridged form of the rules applying under the Marathon Resources Limited Employee Share Option Plan (as amended from time to time) (**ESOP**), a complete copy of which will be provided to an Option holder. To the extent of any inconsistency between the ESOP and the Terms and Conditions, the ESOP will prevail and the Terms and Conditions modified to the extent of the inconsistency.

1. The Option holder is entitled on payment of the applicable exercise price for the relevant Option to be allotted one ordinary fully paid share for each Option exercised. The exercise price for the Options is \$1.75 (the **Exercise Price**).
2. Options held by the Option holder are exercisable from 1 November 2014 (the **First Exercise Date**) up to and including 1 November 2015 (the **Last Exercise Date**) (the **Exercise Period**). Reminder notices will be forwarded to the Option holder prior to the Last Exercise Date.
3. Each Option that is not exercised on or before the Last Exercise Date will lapse. Unexercised Options will also lapse if the Option holder ceases to be a Director of the Company during the Exercise Period unless the Option holder ceases to be a Director by reason of permanent disability, death or retirement, in which case the Option holder will have 1 month or such longer period as the Board may determine to exercise any remaining unexercised Options. Any longer period granted by the Board to exercise an Option must not exceed the Last Exercise Date.
4. An Option is exercisable 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 Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules and Option holders have the right to exercise the Options prior to the record date for determining entitlements.
7. If during the currency of the Options the issued capital of the Company is reorganised, the rights of the Option holder in respect of those Options may be varied to comply with the ASX Listing Rules which apply to the reorganisation.
8. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will 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. Options may, with the prior approval of the Board, be transferred at any time prior to their expiry by completing a standard form of transfer.

11. Option holders 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.