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Manager Companies
Companies Announcements Office
Australian Securities Exchange Ltd

MARATHON RESOURCES LIMITED

ASX ANNOUNCEMENT

Marathon Resources signs a Heads of Agreement with AET Investments Unit Trust (AETI)

Heads of Agreement

The Board of Marathon Resources (MTN) is pleased to announce that it has signed a Heads of Agreement with AETI whereby AETI will work with MTN to develop a chemical and fertilizer facility to service the local market, predominantly focused on the production of ammonium nitrate.

The basis of the Heads of Agreement is that MTN's Leigh Creek Energy Project (LCEP) will provide the raw materials to the facility and AETI will provide the technology and know-how.

AETI is a South Australian private company which has for the last three years been looking at developing a similar project at Gladstone (South Australia) but has recognised the benefits offered by a close association with the LCEP most notably long term security of gas supply.

The advantage of the LCEP is that it will provide hydrogen and nitrogen for the direct synthesis of ammonia. In addition the LCEP will be able to supply carbon dioxide, power steam and water. The ammonium nitrate facility will utilise technology already being used in two existing Queensland based ammonium nitrate manufacturing plants.

The production of ammonium nitrate and fertiliser at Leigh Creek will be a first for South Australia as the State currently imports 100% of its ammonium nitrate requirements and nitrate based fertiliser. AETI is already in contact with potential strategic partners that wish to secure the supply of ammonium nitrate via long term offtake contracts.

AETI is headed by Mr. Ian Smith, a former Dyno Nobel executive with thirty seven years relevant industry experience. Post his employment with Dyno Nobel Mr. Smith has overseen the construction of similar ammonium nitrate projects in Egypt and Indonesia.

The Heads of Agreement also envisages exploring other mining services based opportunities in the Leigh Creek area. These opportunities may result in employment opportunities in the near term.



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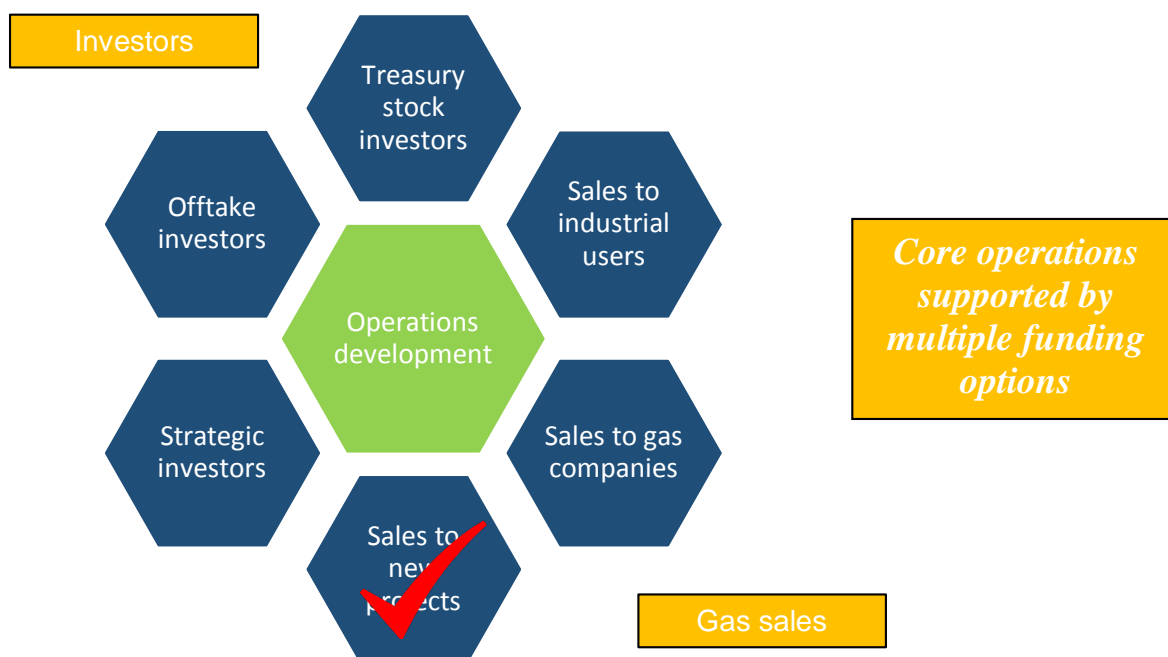
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Strategic Fit

In its recently released quarterly report, Marathon highlighted a number of project development initiatives currently being pursued.

This Heads of Agreement fits clearly into the initiative of reducing risk by securing sales to new regional projects.



This is not the only initiative being pursued under this banner. Further initiatives are ongoing which will, if brought to fruition, provide additional alternative sources of product sales for the LCEP.

For further information contact

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About Marathon

Marathon Resources Limited is a South Australian based ASX listed company. Marathon Resources is focussed on the development of its Leigh Creek Energy Project (LCEP). The LCEP will produce pipeline gas and other valuable by-products via the in-situ gasification of Leigh Creek coal.