

Marathon Resources Ltd - Corporate Governance Statement

In accordance with ASX Listing Rule 1.1 Condition 13, Marathon Resources Ltd (**Marathon**), in seeking to be re-instated to the Official List of ASX, provides this Corporate Governance Statement which discloses the extent to which Marathon will follow the recommendations set by the ASX Corporate Governance Council in its *Corporate Governance Principles and Recommendations (Third Edition)* (**Recommendations**).

To the extent that Marathon does not intend to follow all of the Recommendations on its re-instatement to the Official List, this Corporate Governance Statement identifies those Recommendations and sets out Marathon's reasons for not following them.

Principle/Recommendation	Compliance	How Marathon complies or reasons for non-compliance
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	Marathon's Board has adopted a Board Charter which clearly defines the roles and responsibilities of the Board and management. Marathon's Board Charter has been disclosed on its website at http://www.mtnres.com.au/Investors/Company-Charter-Policies/Board-Charter
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not	Yes	Although the Board does not have a separate nomination committee to oversee such matters (see Recommendation 2.1 below), as a matter of practice the Board ensures that all potential candidates for election are appropriately vetted, including by carrying out criminal history and bankruptcy checks and conferring with referees. The Board also ensures that all material information regarding candidates is put to security holders at the time of election or re-election to the Board.

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to elect or re-elect a director.		
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Marathon has entered into written agreements with each director and senior executive.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable to the Board through the Chair on all governance matters. The appointment or removal of the Company Secretary is a matter of decision for the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its	No	Marathon does not have a diversity policy and the Board does not set objectives for achieving gender diversity. The Board and senior management recruit persons based on skills and experience appropriate for the role concerned and do not discriminate based on gender, age, ethnicity or cultural background.

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progress towards achieving them, and either: (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or (ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.		
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	Marathon does not have a formal documented process for the evaluation of the Board, its committees or individual directors. The Board undertakes an ongoing process of evaluation and the composition of the Board is changed accordingly.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether	Yes	Senior management are subject to an Annual Performance Evaluation which is undertaken by the Board. The reviews are internal. The use of external facilitators is not warranted as the members of the Board have direct access to management. The Chairman presides over the review process with input from other

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a performance evaluation was undertaken in the reporting period in accordance with that process.		Directors. Review of senior staff is ongoing.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to	No	Marathon does not have a nomination committee. The Board is of the opinion that it is not of a sufficient size to warrant a separate nomination committee at this time. It is part of the Board's role to regularly evaluate its composition to ensure that it has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The scope and size of Marathon dictates a small Board. When a need arises and where it is considered the Board would benefit from the appointment of a Director with specific skills and experience, all members of the Board participate in seeking out appropriate potential candidates. In some instances assistance from external sources may be sought if necessary.

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discharge its duties and responsibilities effectively.		
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The skills and experience of each director are set out in detail on Marathon's website: http://www.mtnres.com.au/About-Us/Our-People-Board
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type that might cause doubts about the independence of the director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	Marathon has disclosed those directors that it considers to be independent - see Marathon's website at: http://www.mtnres.com.au/Investors/Corporate-Governance The length of service of each director is also set out on Marathon's website at: http://www.mtnres.com.au/About-Us/Our-People-Board
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	Two of the four Directors on the Board are independent. The Board considers it presently has an appropriate balance of skills, experience and independence to properly fulfil its role.

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Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	The Chair of the Board is Mr Justyn Peters who is also an Executive Director. The Board considers that, given Marathon's size and nature, it is appropriate for Mr Peters to act as Chair in addition to his executive functions. Although he has an executive position, Mr Peters is not the CEO of Marathon with that role performed by Mr David Shearwood as Managing Director.
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Marathon has a program for inducting new directors and ensures that current directors have the opportunity to develop and maintain the skills and knowledge needed to perform their roles.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (d) have a code of conduct for its directors, senior executives and employees; and (e) disclose that code or a summary of it.	Yes	Marathon has a Code of Conduct which has been disclosed on its website at: http://www.mtnres.com.au/Investors/Company-Charter-Policies/Code-of-Conduct

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Principle 4: Safeguard integrity in corporate reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment	See explanation	The Board of Marathon has an Audit and Risk Committee which has three members and is chaired by an independent director who is not the Chair of the Board. However, one of the members of the Audit and Risk Committee is an executive director. The Board is comprised of only four directors, two of whom are executive directors. The Audit and Risk Committee is therefore unable to have three members, all of whom are non-executive directors. Marathon has disclosed a copy of the charter for the Audit and Risk Committee on its website: http://www.mtnres.com.au/Investors/Company-Charter-Policies/Audit-Risk-Committee The relevant qualifications of each member of the Audit and Risk Committee are set out on Marathon's website at: http://www.mtnres.com.au/Investors/Corporate-Governance Marathon's Directors' Report for each reporting period will contain a summary of the number of times the Audit and Risk Committee met during that period and each member's attendance record.

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and removal of the external auditor and the rotation of the audit engagement partner.		
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	In accordance with the requirements of section 295A of the <i>Corporations Act 2001</i>, before the Board approves Marathon's financial statements for a financial period, the Board ensures that it receives assurance from the Managing Director and Chief Financial Officer for that financial period that, in their opinion: - Financial records have been properly maintained in accordance with section 286 of the Corporations Act. - Financial statements and notes are in compliance with accounting standards as required by Sec 296 of the Corporations Act. - Financial statements and notes give a true and fair view of the financial performance and position at balance date required by Sec 297 of the Corporations Act. - Risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. Confirmation that the Board has received the assurance is set out in the statutory annual Directors' Declaration.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions	Yes	Marathon requires the attendance of a representative of its external auditors at its AGM and encourages shareholders to attend and raise questions with the auditor's representative or directors.

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from security holders relevant to the audit.		
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	No	Marathon has not publicly disclosed a formal disclosure policy. Given Marathon's size, the Board does not consider publication of a formal disclosure policy to be necessary. The Board takes ultimate responsibility for these matters.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Marathon has set out comprehensive information in relation to itself and its governance on its website. See in particular: http://www.mtnres.com.au/Investors/Corporate-Governance
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	A Communications Manager is employed by Marathon to, amongst other things, promote the interests of shareholders and to facilitate effective two-way communication between Marathon and its shareholders.

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Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Marathon's processes are set out on its website at: http://www.mtnres.com.au/Investors/Corporate-Governance
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders have the option to receive communications from, and to send communications to, Marathon and its share registry electronically.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee;	Yes	The Audit and Risk Committee is also responsible for risk management and must ensure that controls are in place to monitor all levels of management in the efficient and effective discharge of their responsibilities by the use of independent analysis, appraisals, advice and recommendations. The composition of the Audit and Risk Committee, and a link to its charter which has been made available on Marathon's website, is set out in Recommendation 4.1 above.

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(iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	Marathon has adopted a Risk Management Policy which has been disclosed on Marathon's website at: http://www.mtnres.com.au/Investors/Company-Charter-Policies/Risk-Management-Policy That policy is regularly reviewed to ensure that it remains adequate.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and	Yes	Marathon does not have an formal internal audit function. However, it has disclosed this fact and the processes employed by the Board and management regarding risk management on its website: http://www.mtnres.com.au/Investors/Corporate-Governance

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continually improving the effectiveness of its risk management and internal control processes.		
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	Key areas of risk are disclosed on Marathon's website at: http://www.mtnres.com.au/Investors/Corporate-Governance
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual	See explanation	The Board does not have a remuneration committee. The Board is of the opinion that it is not of a sufficient size to warrant a remuneration committee at this time. The role of setting remuneration levels for directors and senior executives is undertaken by the Board. The remuneration of Non Executive Directors is set by reference to an aggregate cap approved by shareholders from time to time at the annual general meeting. The contribution of each Non Executive Director is taken into account in arriving at individual remuneration levels having regard for reasonable and competitive market rates. The performance of Executive Management and Executive Directors, when such office is held, is reviewed by the Board in establishing the remuneration of such persons, with the exclusion of the Executive concerned from those deliberations.

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attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		External advice is sought on remuneration matters when deemed necessary to ensure that the remuneration of Directors and Executive Management is appropriate and not excessive. The details of remuneration of Directors and Senior Management during each reporting period are set out in the statutory Directors' Report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	No	Marathon has not separately disclosed such policies and practices. Given Marathon's size, the Board does not consider publication of formal policies and practices to be necessary. The remuneration of Executive and Non-Executive Directors has been disclosed.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	Marathon has established an Employee Share Option Plan which functions as an equity-based remuneration scheme. Participants are not able to hedge options acquired under the plan to reduce the economic risk of participating.