

Wednesday, 12 July 2006

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Dear Shareholder

We advise that on 6 July 2006 Crosby Capital Partners Inc (“Crosby”) announced that it intends to make an unsolicited, and in your Board’s view, highly opportunistic, takeover bid for Marathon Resources Limited (“Marathon”).

The announcement states that an offer will be made at \$0.68 for each Marathon ordinary share and will be subject to a minimum acceptance condition of 90% as well as a number of other conditions which result in the proposed offer being very uncertain.

The board of Marathon believes the offer significantly undervalues Marathon’s assets and future prospects.

During the period after the announcement of the takeover bid by Crosby until close of trading on 7 July 2006, Marathon’s ordinary shares have traded on the Australian Stock Exchange (“ASX”) in a range of \$0.72 - \$0.79 per share. The closing price for Marathon shares on the ASX on 7 July 2006 was \$0.785.

This closing share price exceeds the proposed offer price by 10.5 cents or 15.4% and, in your Board’s view, reflects that the market is unimpressed by Crosby’s takeover bid for Marathon. A total of 1.987 million Marathon shares representing 4.58% of Marathon’s undiluted issued capital were traded during the period referred to above.

Directors of Marathon collectively control 22.8% of Marathon’s fully diluted issued capital and do not intend to accept the proposed offer. This means the minimum acceptance condition set out in Crosby’s announcement will not be able to be met and the proposed offer cannot succeed unless this condition is waived or varied

Directors advise shareholders to take no action in respect of Crosby’s announcement or the offer until the board of Marathon provides its detailed response in the target statement, which will be provided to all shareholders in accordance with the statutory timetable, after the formal offer documents have been received by Marathon.

The board of Marathon has appointed Baron Partners Limited to provide it with corporate advice, and Watsons Law to provide it with legal advice, with respect to the offer.

Yours sincerely

A handwritten signature in black ink, appearing to read "Peter L Williams", written in a cursive style.

Peter L Williams
Chairman