



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Marathon Resources Limited will be held at The Sebel Playford, 120 North Terrace, Adelaide, South Australia on Thursday 16 November 2006, at 10.00am.

Business:

Accounts

To consider the financial report and the reports of the Directors and of the Auditors for the financial year ended 30 June 2006.

Resolution 1 - Re-election of Mr W S Latimer as a Director

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

“That Mr W S Latimer, having retired by rotation in accordance with the Company’s Constitution and having offered himself for re-election, is hereby re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

Resolution 2 - Adoption of the Remuneration Report for the year ended 30 June 2006

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

“That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2006 as set out in the Directors’ Report section of the Annual Report.”

The vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the Directors of the Company.

Special Business:

Resolution 3 - Ratification of Prior Securities Issue

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the allotment and issue of a total of 5,500,000 Shares, on 22 March 2006, at an issue price of \$0.66 per Share, to a number of placees, is approved and ratified.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 3 by any of the persons who received any of the Shares the subject matter of Resolution 3 or any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by the 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.

Resolution 4 - Issue of Options to Executive Directors

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

“That, for the purpose of ASX Listing Rule 10.14, the issue of 1,500,000 Options to the nominee of each of the Company’s Executive Directors under the terms of the Company’s Employee Share Option Plan, is approved.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.15.5 the Company will disregard any votes cast on Resolution 4 by Dr J Santich (or his nominee), Dr W Bogacz (or his nominee), each of the non-executive Directors being Mr P Williams, Mr W Latimer and Mr S Appleyard, and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the 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 Annual General Meeting is incorporated in and comprises part of this Notice of Annual 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 Annual 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 close of business on Tuesday 14 November 2006.

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 each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

The Proxy Form must be signed by the Shareholder or the Shareholder’s attorney. Proxies given by corporations must be signed in accordance with the company’s constitution, or as authorised by the Corporations Act.

To be valid, the Proxy Form must be lodged at least 48 hours before the time for holding the meeting by one of the following methods:

- (a) by mail or in person at the registered office of the Company or the office of the Company’s Share Registry:

Computershare Investor Services Pty Limited
GPO Box 1903
ADELAIDE SA 5000
Level 5, 115 Grenfell Street
Adelaide, South Australia

(b) by facsimile to the Company's Share Registry on (08) 8236 2305.

If the Proxy Form is executed under a power of attorney which has not been noted by the Company, the power of attorney must accompany the Proxy Form.

In the case of joint Shareholders, the names of all joint Shareholders should be shown and all joint Shareholders should sign the Proxy Form.

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

Friday 6 October 2006

Explanatory Memorandum

Introduction

This Memorandum has been prepared for the information of Shareholders of Marathon Resources Limited (referred to in this Memorandum as “the **Company**”) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Sebel Playford, 120 North Terrace, Adelaide South Australia on Thursday 16 November 2006 at 10.00am.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are either defined in the Glossary or elsewhere in this Explanatory Memorandum.

Resolution 1 - Re-election of Mr W S Latimer as a Director

In accordance with Listing Rule 14.4 and clause 46 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

The Directors presently in office are Mr Peter Williams, Dr John Santich, Dr Wieslaw Bogacz, Mr William Latimer and Mr Sam Appleyard.

Mr Latimer is the Director who retires at the Annual General Meeting. He has offered himself for re-election.

Mr Latimer is a litigation consultant with Lynch Meyer Lawyers. During the 1990's, he spent several years in Malaysia as an executive director of Clisby Industries Limited in joint venture with HICOM Berhad Group Malaysia. In recent years he has concentrated more effort in his role as a consultant with Lynch Meyer, specialising in litigation and in the creation of a resources division within the firm. He was a director of Bonanza Gold Pty Ltd which the Company acquired in 2004.

An assessment of the performance of Mr Latimer has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr Latimer) recommend Shareholders vote in favour of Resolution 1. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 2 - Adoption of the Remuneration Report

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2006.

The Remuneration Report is contained in the Directors' Report on page 13 of the 2006 Annual Report. The Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Members should note that the vote on Resolution 2 is not binding on the Company or the Directors.

The Directors recommend Shareholders vote in favour of Resolution 2. The Chairman intends to vote undirected proxies in favour of the Resolution.

Resolution 3 - Ratification of Prior Securities Issue

On 16 March 2006, the Company made a placement of 5,500,000 Shares to domestic institutions and retail investors identified by Bell Potter Securities Limited. The placement was fully subscribed and the Shares were issued on 22 March 2006 at a subscription price of \$0.66 per Share.

These Shares were issued within the 15% annual limit permitted under Listing Rule 7.1 without Shareholder approval. Under ASX Listing Rule 7.4, a company can seek ratification of any issue of equity securities made by it within a 12 month period. The effect of such ratification is that the issue of equity securities is then deemed to have been made as if Shareholder approval had been obtained, thus not counting towards the 15% limit.

Resolution 3 seeks ratification by Shareholders of the issue of the 5,500,000 Shares under the placement. If the Resolution is passed then those Shares will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the 15% limit prescribed by ASX Listing Rule 7.1. Resolution 3 is to be considered as an ordinary resolution.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued under the placement was 5,500,000 Shares.
- (b) the issue price for the securities was \$0.66 per Share.
- (c) the Shares were allotted as fully paid and rank equally with the existing Shares on issue.
- (d) the Shares were allotted and issued to a total of 30 placees being domestic institutions and retail investors identified by Bell Potter Securities Limited. None of these persons are related parties of the Company.
- (e) funds raised from the issue have and will be used to advance the Company's continued investigation of the Paralana Mineral System in North Flinders Rangers, together with the Company's other tenements, and for general working capital purposes.

The Directors recommend Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of the Resolution.

Resolution 4 - Issue of Options to Executive Directors

At a meeting of the Board held on 30 June 2005 the Directors resolved, subject to Shareholder approval, to issue 1,500,000 Options to each of its Executive Directors, Dr John Santich and Dr Wieslaw Bogacz, or their nominee under the terms of the Company's Employee Share Option Plan. This was announced to ASX in the Company's June 2005 Quarterly Report.

At the time the Board resolved to issue these Options they were to have an exercise price ranging from 30 cents to 50 cents. It was intended that Shareholder approval would be sought at the 2005 Annual General Meeting, however, that did not eventuate. On 6 July 2006, the Directors resolved to confirm the earlier resolution but, with the consent of the Executive Directors, to vary the terms of the Options in respect of the maturity date and exercise price.

In recognition of the time that has elapsed since the issue of these Options was first approved by the Board, Dr Santich and Dr Bogacz have agreed that:

- (a) the maturity date be extended to 30 June 2011; and
- (b) the exercise price be changed to the weighted average selling price of the Company's Shares traded on ASX for the five trading days prior to the date of the Shareholder meeting at which approval to the issue of these Options is sought.

The Directors have reviewed the market standard of remuneration and consider that the proposed number of Options to be issued at the agreed exercise price will ensure that remuneration is in line with market standards for the position of an executive director of a

publicly listed company. The issue of these Options will also provide incentive for the future services of the Executive Directors.

The Executive Directors each have the right under the terms of the Company's Employee Share Option Plan to appoint a nominee to accept the issue and allotment of these Options. If Resolution 4 is passed by Shareholders, Dr Santich and Dr Bogacz intend to appoint Sheoak Runner Pty Ltd (ACN 08 094 040) and Archon Resources Technologies Pty Ltd (ACN 067 329 499) as their respective nominees.

Under ASX Listing Rule 10.14, a company must obtain Shareholder approval to the issue of securities under an employee incentive scheme to a director or an associate (within the meaning of section 11 and sections 13 to 17 of the Corporations Act) of a director. Resolution 4 seeks Shareholder approval to the issue of the 1,500,000 Options to each Executive Director's nominee for the purposes of ASX Listing Rule 10.14. Resolution 4 is to be considered as an ordinary resolution.

Under ASX Listing Rule 7.2, shareholder approval is not, for the purposes of ASX Listing Rule 7.1, required to the issue of securities under an employee incentive scheme if, within 3 years before the issue of those securities, a summary of the terms of the scheme were set out in the company's prospectus, a Product Disclosure Statement or an information memorandum. A summary of the terms of the Company's Employee Share Option Plan was set out in the Company's Prospectus dated 20 October 2004; accordingly, Shareholder approval to the issue of the Options to the Executive Directors' nominees is not required for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.15, to the extent applicable, requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14:

- (a) Dr Santich's nominee, Sheoak Runner Pty Ltd, is an associate (within the meaning of the Corporations Act) of Dr Santich, who is its sole director and shareholder, and holds shares and options registered in its name as trustee of the Santich Media Trust, a trust principally for the benefit of Dr Santich's family. Dr Bogacz's nominee, Archon Resources Technologies Pty Ltd, is an associate of Dr Bogacz, who is one of its directors and shareholders, and holds shares and options registered in its name as trustee of the Bogacz Trust, a trust principally for the benefit of the family of Dr Bogacz.
- (b) The maximum number of securities to be issued to the Executive Directors is 3,000,000 Options.
- (c) Each Option will be issued free of charge.
- (d) No person referred to in ASX Listing Rule 10.14 received securities under the Company's Employee Share Plan since the Company's listing on ASX.
- (e) The following persons referred to in ASX Listing Rule 10.14 are entitled to participate in the Company's Employee Share Option Plan:
 - (i) Dr John Santich – Executive Director;
 - (ii) Dr Wieslaw Bogacz – Executive Director;
 - (iii) Mr Peter Williams – Non-executive Director;
 - (iv) Mr Sam Appleyard – Non-executive Director;
 - (v) Mr William Latimer – Non-executive Director;
 - (vi) Archon Pty Ltd (ACN 008 129 342) – consultant to the Company and an associate of Dr John Santich; and

- (vii) Archon Resources Technologies Pty Ltd (ACN 067 329 499) – consultant to the Company and an associate of Dr Wieslaw Bogacz.
- (f) The Options will be issued within 1 month from the date of the Annual General Meeting.

The Chairman intends to vote undirected proxies in favour of the Resolution.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

ASX	Australian Stock Exchange.
Board	board of Directors.
Company	Marathon Resources Limited ACN 107 531 822.
Constitution	constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	director of the Company.
Option	option to subscribe for an unissued Share.
Optionholder	holder of an Option
Share	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.



All correspondence to:
 Computershare Investor Services Pty Limited
 GPO Box 1903 Adelaide
 SA 5001 Australia
 Enquiries (within Australia) 1300 556 161
 (outside Australia) 61 3 9415 4000
 Facsimile 61 8 8236 2305
 www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Appointment of Proxy

I/We being a member/s of Marathon Resources Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

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 Annual General Meeting of Marathon Resources Limited to be held at The Sebel Playford, 120 North Terrace, Adelaide on Thursday 16th November 2006 at 10.00 am and at any adjournment of that meeting.

IMPORTANT: FOR ITEM 4 BELOW



If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 4 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4.

Voting directions to your proxy - please mark to indicate your directions

	For	Against	Abstain*
1. Re-elect Mr W S Latimer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Adoption of the Remuneration Report for the year ended 30 June 2006	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of Prior Securities Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of Options to Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

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

Appointing a second Proxy

I/We wish to appoint a second proxy

Mark with an 'X' if you wish to appoint a second proxy. **AND** % **OR** State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date / /



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

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

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10.00am on Thursday 16th November 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON	Registered Office - 10 George Street, STEPNEY SA 5069 AUSTRALIA Share Registry - Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street, Adelaide SA 5000 Australia
BY MAIL	Registered Office - 10 George Street, STEPNEY SA 5069 AUSTRALIA Share Registry - Computershare Investor Services Pty Limited, GPO Box 1903, Adelaide SA 5001 Australia
BY FAX	61 8 8236 2305