



9 November 2006

BY EMAIL

Company Announcements
Australian Stock Exchange Limited

Dear Sir/Madam,

Re: Off-market takeover bid by Buttermere Australia Pty Limited for all the shares issued in the capital of Marathon Resources Ltd.

I refer to the unsolicited off-market takeover bid by Buttermere Australia Pty Limited (ACN 120 663 710) for all the ordinary shares issued in the capital of Marathon Resources Ltd.

In accordance with subsection 647(3)(b) of the *Corporations Act 2001* (Cth), please find attached a copy of Marathon's third Supplementary Target's Statement dated 9 November 2006.

The attached third Supplementary Target's Statement will be dispatched to Marathon Shareholders by Monday 13 November 2006.

Yours sincerely

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

Peter L Williams
Chairman



The letter below is the third Supplementary Target's Statement issued by Marathon Resources Ltd (**Marathon**). It supplements Marathon's Target's Statement dated 8 September 2006 relating to the unsolicited off-market takeover bid for all shares issued in the capital of Marathon by Buttermere Australia Pty Limited, an indirect wholly owned subsidiary of Crosby Capital Partners Inc. This Supplementary Target's Statement is to be read together with the Target's Statement as supplemented by the first Supplementary Target's Statement issued by Marathon on 25 September 2006 (**First Supplementary**) and the second Supplementary Target's Statement issued by Marathon on 19 October 2006 (**Second Supplementary**). Terms used below have the meanings given in section 9 of the Target's Statement.

THIRD SUPPLEMENTARY TARGET'S STATEMENT

MARATHON DIRECTORS CONTINUE TO ADVISE YOU TO

REJECT

**THE OFFER FOR YOUR MARATHON SHARES
TO REJECT THE OFFER SIMPLY DO NOTHING**

9 November 2006

Dear Marathon Shareholder,

In the Target's Statement (refer section 4) Marathon stated that its management continued to consider, investigate and discuss with third parties various possible corporate and/or commercial arrangements with a view to taking Marathon to the next stage of its growth and development, but that it was too early in the process for any announcements to be made. Marathon has since made further progress in this regard.

\$7.15 Million Share Placement

Marathon has agreed to place 6.5 million ordinary shares at an issue price of \$1.10 each to raise \$7.15 million. The placement is to be to Talbot Group Holdings Limited and CITIC Australia Pty Limited, with each having agreed to take 3.25 million shares.

Marathon is pleased to welcome investors of this calibre on to its share register.

The issue price of \$1.10 per share represents a 61.7% premium to the offer of 68 cents per share made for all Marathon ordinary shares by Buttermere Australia Pty Limited.

The placement is subject to Marathon shareholders, at the Annual General Meeting to be held on 16 November 2006, ratifying under listing rule 7.4, the previous placement of 5.5 million shares in March 2006. Marathon has been granted a waiver of listing rule 7.1 by the ASX to enable the placement to be agreed subject to the ratification under listing rule 7.4 referred to above.

The placement to CITIC Australia is also conditional upon the Treasurer of the Commonwealth of Australia not objecting to the placement in terms of the Federal Government's foreign investment policy. The Board of Marathon believes that the placement raises no issues in relation to the Federal Government's foreign investment policy.

If the placement proceeds, it will mean that one of the conditions of the Offer will not to be satisfied. Notwithstanding this, the Marathon Board considers the placement to be in the Company's best interests

and an opportunity to further enhance shareholder value by providing it with the financial resources necessary for the ongoing development of its Mt Gee uranium project and its other exploration prospects.

Board Restructure

Following Marathon's Annual General Meeting, and completion of the placement referred to above, Mr Sam Appleyard and Mr William Latimer intend to resign as directors of the Company. The Marathon Board intends to appoint Mr Chen Zeng and Mr Denis Wood in their place.

This Board restructure is in line with Marathon's philosophy that as it grows, it will seek to bring new skills to the Company that are complimentary to the development of its assets at that time. The Board believes Marathon's significant achievements since its listing in March 2005 have been such that now is an appropriate time to bring expertise and experience in major resource development to the Board.

Scoping Study

The Mt Gee scoping study being undertaken by Coffey Mining has commenced and initial conclusions are encouraging for the eventual progress of mining subject to additional drilling to ultimately prove a uranium reserve and all necessary approvals and funding being obtained. The scoping study has, as a primary objective, the minimisation of environmental impacts and the optimisation of social outcomes. The scoping study is scheduled to be completed in early 2007.

Announcement

A copy of Marathon's ASX announcement made today, containing further details of the placement, Board restructure and scoping study is annexed to this letter.

Recommendation

The Offer has been extended on two occasions and is now scheduled to close at 7.00pm (Sydney time) on Tuesday 5 December 2006.

Buttermere Australia's offer of 68 cents per share for all Marathon ordinary shares represents:

- a discount of 51 cents or 42.86% to the closing price of Marathon's shares on 8 November 2006 of \$1.19; and
- a discount of 23 cents or 25.27% to the volume weighted average selling price of Marathon's shares in the period 1 October 2006 to 8 November 2006.

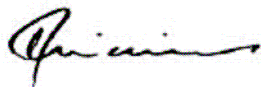
Your Directors reiterate their recommendation that you **REJECT** the Offer for the reasons explained in detail in the Target's Statement as supplemented by the First Supplementary, the Second Supplementary and this Third Supplementary Target's Statement.

To reject the Offer simply do nothing and ignore all documentation sent to you by the Bidder.

If you have any questions regarding the Offer call the Marathon information line on 1300 138 684 (toll free in Australia) or +61 3 9415 4349 for international calls. Calls to these numbers will be recorded in accordance with the Corporations Act.

Signed for and on behalf of Marathon Resources Ltd by Peter Williams being a director authorised to sign this third Supplementary Target's Statement pursuant to a resolution passed by Marathon Directors on 9 November 2006.

Dated: 9 November 2006



Peter L Williams
Chairman
Marathon Resources Ltd

ANNEXURE

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9 November 2006
Company Announcements Office
Australian Stock Exchange Limited



Market Release

Highlights

1. Marathon Resources Limited (ASX Code: MTN) to raise \$7.15 million via a placement of 6.5 million ordinary shares at a price of \$1.10 each.
2. Marathon to restructure its board to provide additional skills specific to the development of the Company and the Mt Gee uranium project.
3. Positive start to the Mt Gee scoping study being undertaken by Coffey Mining.

\$7.15 Million Share Placement

Marathon has agreed to place, at a price of \$1.10 per share, 3.25 million ordinary shares to Talbot Group Holdings Limited and 3.25 million ordinary shares to CITIC Australia Pty Limited to raise a total of \$7.15 million.

Marathon is pleased to welcome investors of this calibre on to its share register, both of whom have indicated they wish to be long term investors in the Company and wish to support its on-going development.

The placement of 6.5 million ordinary shares represents:

- 13.0% of Marathon's post placement undiluted capital; or
- 11.7% of post placement capital on a fully diluted basis.

The price of \$1.10 per share represents:

- a discount of 9 cents or 7.56% to the closing price of Marathon shares on the Australian Stock Exchange ("ASX") on 8 November 2006 of \$1.19; and

- a premium of 19 cents or 20.88% from the volume weighted average selling price, based on the average daily selling price, of Marathon shares from 1 October, 2006 to 8 November, 2006.

The price is at a 61.7% premium to the offer of 68 cents per share made for all Marathon ordinary shares by Buttermere Australia Pty Limited.

The placement provides Marathon with further financial resources for the on-going development of the Mt Gee uranium project, other uranium prospects in the Paralana Mineral System contained within Marathon's wholly owned tenement EL3258 and its other exploration properties.

The placement is subject to Marathon shareholders, at the annual general meeting to be held on 16 November 2006, ratifying under listing rule 7.4, the previous placement of 5.5 million shares in March 2006. Marathon has been granted a waiver of listing rule 7.1 by the ASX to enable the placement to be agreed subject to the ratification under listing rule 7.4 referred to above.

The placement to CITIC Australia is also conditional upon the Treasurer of the Commonwealth of Australia not objecting to the placement in terms of the Federal Government's foreign investment policy. The Board of Marathon believes that the placement raises no issues in relation to the Federal Government's foreign investment policy.

Talbot Group Holdings is a Queensland owned and operated investment group focusing on the resource sector with an asset base in excess of \$450 million. Its activities include minerals exploration, mine and market development and financial investments as well as a substantial property and share portfolio.

CITIC Australia is wholly owned by the CITIC Group, one of China's largest state-owned companies, which has assets in excess of US\$100 billion. The activities of the CITIC Group include banking and financial businesses, industrial investments (including energy and raw materials) and international trade.

The CITIC Group in Australia, comprising CITIC Australia and CITIC Resources Australia Pty Ltd, together have assets and annual sales of over \$1 billion. Their operations include a 22.5% interest in the Portland Aluminium Smelter Joint Venture in Victoria, an 11.62% shareholding in Macarthur Coal Limited, a 7% direct interest in the Coppabella/Moorvale Coal Joint Venture, a 78% shareholding in the ASX-listed CITIC Australia Trading Limited (CAL), and interests in a series of exploration projects.

In accordance with ASX Listing Rule 3.10.3, Marathon provides the following details of the placement shares:

Class of Securities:	Fully paid ordinary shares
Number to be Issued:	6,500,000

Principal Terms of Securities:	The shares will have the same rights as all other quoted ordinary shares in Marathon and will, from the date of issue, rank equally with fully paid quoted ordinary shares on issue.
Issue Price:	\$1.10 per share
Purpose of Issue:	To provide further financial resources for the on-going development of the Mt Gee uranium project and other exploration properties.
Shareholder Approval:	The issue is subject to shareholders ratifying, under listing rule 7.4, the previous placement of 5.5 million shares in March 2006.
Issue to Class:	The issue is not being made to a class of security holders.

As the issue will be to sophisticated or professional investors, it will not require disclosure under the Corporations Act.

Board Restructure

Marathon has previously indicated that as it grows, it will seek to bring new skills to the company that are complimentary to the development of its assets at that time. The board believes the significant achievements of Marathon since its listing in March 2005 have been such that now is an appropriate time to bring expertise and experience in major resource development to the board.

Accordingly, following Marathon's annual general meeting, and completion of the placement referred to above, Mr Sam Appleyard and Mr William Latimer intend to resign as directors of the Company. The Marathon board intends to appoint Mr Chen Zeng and Mr Denis Wood in their place.

Mr Zeng has been the Managing Director of the CITIC Group's Australian operations since November 2002 and Chairman of CITIC Australia Trading Limited since July 2004. He joined the CITIC Group in 1989 and transferred to CITIC Australia in 1994. He has 17 years' experience managing various business operations, business and asset restructures, and has developed a number of projects for the CITIC and CITIC Australia Groups. He is also an executive director of the Hong Kong listed CITIC Resources Holdings Limited. Mr Zeng holds a Master's Degree in International Finance from Shanghai University of Finance and Economics.

Mr Wood has 37 years of experience in the steel and coal industry. His previous experience includes steel production, coal preparation, marketing, business development and new mine development. Mr Wood has been associated with Macarthur Coal Limited since 2001 and is Chief Executive of Queensland Coke & Energy Pty Ltd.

The Chairman of Marathon, Mr Peter Williams, wishes to thank Mr Appleyard and Mr Latimer for their significant contribution in the establishment and development of Marathon to date. The board of Marathon looks forward to welcoming Mr Zeng and Mr Wood and continuing to develop Marathon's assets, and in particular the Mt Gee uranium project, for the benefit of all shareholders.

Scoping Study

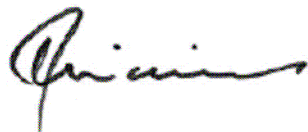
Marathon has initiated the shift from exploration to development at its Mt Gee uranium deposit with a visit to the site from 24 to 26 October 2006 by personnel from Marathon and Coffey Mining which has been engaged by Marathon to commence a scoping study of the Mt Gee deposit.

The site visit included Marathon's Executive Directors and Chief Geologist and a team of four Coffey Mining specialists, covering mining, processing, water management and social and environmental impacts. This was followed by a one day workshop at Marathon's offices at which Coffey Mining presented their observations of the site visit, the range of assumptions on which the scoping study would be based as well as the preliminary conclusions on likely mining and processing routes.

A number of matters need to be considered before commencement of the next phase of the scoping study, however initial conclusions are encouraging for the eventual progress of mining subject to additional drilling to ultimately prove a uranium reserve and all necessary approvals and funding being obtained. The scoping study has as its primary objective the minimisation of environmental impacts and the optimisation of social outcomes. The scoping study is scheduled to be completed in early 2007 while the 20,000 metre resource drilling program at Mt Gee is expected to commence later in November 2006. Approvals for the latest drilling program have been granted, and the rig contracted to arrive on site 19th – 20th November 2006.

Conclusion

Securing additional funding on attractive terms, restructuring the board and a positive start to the scoping study together represent a major achievement for the on-going development of Marathon and the board looks to the future with confidence.



PL Williams
Chairman

For further information:

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