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MARATHON

COMPANY ANNOUNCEMENT OFFICE
AUSTRALIAN STOCK EXCHANGE

ASX CODE MTN

RESPONSE TO CROSBY BID

The Board of Marathon has met to consider the announcement dated 5 July 2006 by Crosby Capital Partners Inc (Crosby) that it intends to make a takeover bid for Marathon.

The Board believes the unsolicited bid to be opportunistic and significantly undervalues Marathon's assets and future prospects.

The bid is also heavily conditional and uncertain. The Crosby announcement only contains an outline of conditions of the bid. The full terms of these conditions will be set out in the Bidder's Statement.

The 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, when it eventuates, 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 Crosby's formal offer documents have been received by Marathon.

Peter L Williams

Chairman