

Marathon Resources (MTN) \$2.73

CRITERION is on a nuclear roll, so we'll see out today's column with Marathon, which is in the throes of a \$27 million rights raising to further its Mt Gee deposit in the Flinders Ranges.

In a fit of rare honesty in a sector famed for its carpetbaggers, Marathon last month downgraded the size of the resource from 31,200 tonnes to 26,900 tonnes, albeit covering only 60 per cent of the resource area. The news was enough to knock 15 per cent off Marathon's share price, but all the company is really saying is that it needs to do more work on the other 40 per cent.

Mt Gee's location - within SA's relatively uranium-friendly borders - is more relevant.

Marathon's scoping study envisages a 900 tonnes per year operation over a 13-year mine life. The 1-for-5 non-renounceable raising, aimed at supporting exploration and "general working requirements", was struck at \$2.50, a 25 per cent discount to Marathon's share price at the time (September 28).

That was enough to entice 19.5 per cent holder Talbot Group - of coal king Ken Talbot fame - to take up the entitlement. Since then the discount has narrowed to 9 per cent, but if we were existing Marathon holders we would still be reaching for the chequebook.

We rate Marathon a speculative buy but don't expect a sprint to riches.

borehamt@theaustralian.com.au