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A year down the line, Marathon Gold team doing it again

By: Matthew Hill

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TORONTO (miningweekly.com) – Marathon Gold has been busy in the year since it was spun out of Marathon PGM when US-based Stillwater Mining bought the company, and aims to publish a preliminary economic assessment (PEA) of its flagship Valentine Lake project in Newfoundland by the middle of next year.

The project already has a 562 000 oz resource, and CEO **Phillip Walford** said the Toronto-listed firm would update this in the first quarter of 2012.

He will not give a projection as to how much the resource might grow, but Fraser Mackenzie analyst **Michael Starogiannis** earlier this month said in a research report he expected "at least a doubling of that resource" when Marathon announces the upgrade.

He goes even further, predicting Valentine Lake will boast a resource of three-million potential ounces of gold in the next 12 to 18 months.

The project, located in central Newfoundland, is a 50:50 joint venture between Marathon and TSX-V-quoted Mountain Lake, which has dubbed it the biggest undeveloped gold deposit on the island.

Marathon is the operator, and recently completed a 25 000 m drilling programme, aiming to do more in the summer.

Walford said the company aimed to publish a PEA by the second or third quarter next year.

"We want to get there as quickly as we can," he commented in an interview.

Marathon has another joint venture with small private company Jersey Mining in Idaho's Coeur d'Alene district.

The project, called Golden Chest, had an historical operation that produced around 65 000 oz from the 1880s to 1910, and Marathon can earn a 60% ownership through spending \$3.5-million on the property next year.

Marathon also has two other early stage projects in Newfoundland, and is "always looking" for additional opportunities, said Walford.

The company's strategy is to take on early stage projects and build them into one-million ounce reserves, hence its ticker symbol MOZ.

Walford said gold "could easily" top \$1 800/oz next year, as government's printing money caused inflation and investors bought the metal seeking safety.

"No matter what happens, you can always sell gold," he commented, pointing out that the last recession in 2009 left many warehouses full of base metals inventories that owners could not find buyers for.

Marathon earlier this month announced it was raising C\$10-million through selling shares, and Walford anticipated the financing would close around the end of the month or early in December.

Fraser Mackenzie is part of the syndicate of underwriters involved in the fundraising.

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