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Marathon eyes capital raising and further drilling

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MARATHON Resources shares remain in a trading halt while speculation on a new capital raising and its exploration licence conditions spark concerns from those opposed to mining in the Arkaroola Wilderness Sanctuary.

Marathon company secretary Sam Appleyard said in a statement to the Australian Securities Exchange: "The halt is to allow time for Marathon Resources to confirm the acceptability of the terms of the renewal of Exploration Licence 4355 offered by the South Australian Government and, if acceptable, implement a capital raising."

For several years Marathon has been exploring for uranium at several prospects around Mount Gee in the northern Flinders Ranges including the Arkaroola Wilderness Sanctuary.

The company's exploration suspended in 2008 for dumping around 60 tonnes of waste in the Sanctuary in breach of their licence conditions.

Acting Resources Minister Jack Snelling announced the renewal of the company's licence on December 18 last year.

Mr Snellings said that Marathon's exploration licence would be renewed for only one year and this renewal "would be subject to consultation on its stricter licence conditions".

Marg Sprigg, owner/manager of the Arkaroola Wilderness Sanctuary, said in a statement last night that she was shocked by Marathon's announcement, which indicated that the Government had communicated its proposed new licence conditions without consultation with Arkaroola.

"We expected that Arkaroola and Marathon would both have the opportunity to contribute to developing new exploration conditions protecting the environment of the Sanctuary," Ms Sprigg said.

"This has not happened. We are not aware of the conditions presented for Marathon's approval.

"The government's *Seeking a Balance* report 15 months ago proposed a compromise between mining and environmental protection. The report was widely discredited in the community, making meaningful consultation with landholder and explorer stakeholders more critical."

The State Government announced late last year it had shelved the report. Along with statements from the Liberal Party opposition that it supported exploration in the region under certain conditions, it sparked a surge in Marathon's share price.

Following Minister Snelling's December announcement, Ms Sprigg said she wrote to both the Minister for Mineral Development, Paul Holloway, and PIRSA, expressing the need for Arkaroola to participate in the present negotiations.

"No responses had been received," she said.

Marathon shares rose 12 per cent to 55 cents in the two days prior to the trading halt.

It released its quarterly activity report on January 31 in which it proposed further drilling exploration in the region and an ongoing assessment of the potential for rare earths.