

MARATHON PGM CORPORATION

Price (Oct 27, 2009)	\$1.08
52-Week High-Low	\$1.08 - \$0.25
Shares O/S	30.2 million
Market Cap	\$32.6 million
50-day Average Volume	54,900
200-day Average Volume	42,700
Year-End	December 31
Symbol	TSX: MAR
Website	www.marathonpgm.com

Financial Data

Selected Income/Cash Flow	Year ending	12 months
(C\$million)	Dec. 31 2008	Jun. 30 2009
Revenues	-	-
Adjusted EBITDA	(\$6.8)	(\$4.7)
Net Income	(\$5.3)	(\$4.2)
Cash Flow (CF) From Operations	(\$6.3)	(\$4.4)
Selected Balance Sheet (C\$million)		
Cash	\$16.4	\$12.2
Shareholders' Equity	\$53.3	\$52.6
Total Assets	\$57.4	\$56.7
Enterprise Value	-\$4.1	\$13.0
Key Ratios		
Monthly Cash Burn (\$)	\$159,182	\$148,456
Monthly Exploration Costs (\$)	\$409,587	\$243,086
Monthly Capital Expenditures (\$)	\$652,338	\$487,451
Cash/OpEx (mnths)	102.2	82.0
Cash/OpEx + Exploration (mnths)	28.6	31.1
Cash/OpEx + Total Capex (mnths)	13.3	13.8
Per Share (PS)		
Earnings (Loss) PS	(\$0.20)	(\$0.14)
Cash PS (March 2009)	\$0.57	\$0.42
Property Book Value PS	\$1.41	\$1.43
Net Asset Value (NAV) PS	\$1.73	\$1.62
Equity Book Value PS	\$1.86	\$1.74
Enterprise Value PS	na	\$0.43
Multiples		
Price/Cash (times)	0.75x	2.02x
Price/Property Book Value (times)	0.30x	0.59x
Price/NAV (times)	0.25x	0.52x
Price/Book Equity (times)	0.23x	0.49x

(See our ratio analysis on page 3)

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Note: This report was prepared with public information only.



Source: www.bigcharts.com

THE COMPANY

Marathon PGM Corporation (“Marathon” or the “Company”) is a development-stage mining company, owning a portfolio of properties in Ontario, Manitoba, and Newfoundland. Its Ontario Marathon project is Canada’s largest undeveloped PGM/copper project.

SIGNIFICANT DEVELOPMENTS

Since our October 15, 2009 Update Report on this company, the Company has announced a mineral reserve estimate for its Marathon project, as follows:

- The mineral reserves contain 76.23 million tonnes of Proven, 14.93 million tonnes of Probable, and 4.13 million tonnes of Inferred.
- The new reserves are based on the most recent Measured and Indicated resource estimate as reported in our October 15 Update Report.
- The new mine design shows an increase to 91.2 million tonnes of ore (increased by 11.8 million tonnes or 15% from the December 2008 Feasibility Study).

The Company has also announced the optimized reserve estimate of its Marathon project as follows:

- The project contains PMG+gold of 3.4 million oz, an increase of 24% from the latest estimate.
- Silver increases to 4.23 million oz, an increase of 4.7%.
- Copper increases to nearly half a billion pounds, an increase of 6.7%.
- The mine is projected to have a life of 12 years.
- The trip ratio decreases to 2.81 from 3.54, a 20% decrease.

PROPERTY HIGHLIGHTS

Other than the following changes, the Company's property portfolio remains the same as in our June 10, 2009 Information Report:

1. The Marathon project's reserve estimate has increased.
- 2.

COMMENT: *We believe that Marathon's upgraded reserve estimate of its Marathon property is a positive development, which should increase its intrinsic value. The movement from resource estimate to reserve estimate not only enhances the PGM recoveries but also helps the Company to obtain financing to bring this project into production.*

3. The Company completed the purchase of 100% ownership of Bamoo's land package (the agreement to purchase was mentioned in our Information Report). The package consists of one mining lease and one claim block covering 329 hectares. The significant of the purchase are as follows:
 - The purchase preserve eases the mining development of the Main Zone and Satellite zone of the Benton project.
 - It allows the Benton lands to be included in the permitting process and could lead to a potential revision of the definitive feasibility study.

CORPORATE STRATEGY

- Prudently manage expenditures to optimize metal recoveries on the Marathon property while conserving cash resources;
- Plan to drill at Geordie Lake to increase resources in 2009 or 2010 and maintain it in good standing;
- Plan to drill at the western edge of the Bird River property and maintain it in good standing;
- Short drilling program on the Steel Mountain property in the spring; and
- Continue to investigate acquisition opportunities and potential financing.

INDUSTRY

- Commodity prices: Prices of gold, platinum and palladium remain strong, despite their volatility, in a range of \$1,000-\$1,200/oz for platinum, \$200-\$250/oz for palladium, and \$870-\$1050/oz for gold.
- Although the world economy is expected to recover slowly over the next 12 months, the long-term demand for precious metals remains solid, as China and India continue to lead the world's growth.

FINANCING

Marathon has an impressive record of raising funds:

- To date, the Company has financed its operations, exploration, capital expenditures, and acquisitions through equity issuances. Equity financing (net) amounted to \$48.6 million for the 2005-2008 period.
- In February 2008, the Company raised \$17.8 million (net) through the issue of 4.35 million units at \$4.60 per unit.
- Also in 2008, the Company raised \$11.7 million (net) in equity for the acquisition of Discovery PGM Exploration.
- Future financing success will likely depend on how the capital markets evolve. The current tight credit market makes it difficult for the Company to finance the debt portion of the budget on the Marathon project.
- However, since its Marathon project is near production and will provide positive cash flow and, given its past financing successes, we expect the Company will be able to raise the capital it needs to go forward.

UPSIDE POTENTIAL

The following factors could have a positive impact on the stock price:

- Obtaining financing for the Marathon project;
- Gathering sufficient data for further development, or obtaining resource estimates on key properties;
- Managing its cash resources through cost control and judicious exploration and capital expenditures; and
- A sustained recovery in commodity prices.

OWNERSHIP

- Management: 5%;
- Insiders and identified institutional shareholders: 16%;
- Retail and unidentified institutions: 56%.

MANAGEMENT

- Marathon is led by Phillip C. Walford – CEO and President - a professional geologist with over 34 years experience in precious metal, base metal and PGM mining, exploration and resource development.
- Jim Kirke, CA, CFO with over 12 years experience in accounting finance, and merger and acquisitions.
- The management team, mostly professional geologists, has successfully met challenges to date including: (1) Obtaining sufficient funds for resource developments at key projects during challenging capital markets; (2) Effectively developing the Marathon project to a stage where a definite feasibility is completed and is ready to move forward to the pre-production stage; and (3) Careful capital planning in terms of developing key resources and maintaining solid liquidity to cope with the current economic downturn.

SELECTED FINANCIAL INFORMATION

	Year end	12 months
	Dec. 31 2008	Jun. 30 2009
Statement of Income/(Loss):		
Revenues	-	-
Exploration Costs	4,915,044	2,917,028
General and Administration	1,910,179	1,781,471
Adjusted EBITDA	(6,825,223)	(4,698,499)
Depreciation & Amortization	88,003	95,912
Adjusted EBIT	(6,913,226)	(5,684,770)
Other Operating Income/(Expenses)	564,117	342,672
Stock-based Compensation	(484,705)	(389,949)
Foreign Exchange Gain (Loss)	(2,576)	(2,565)
Interest Expense	-	-
Income before non-recurring	(6,836,390)	(4,844,253)
Future Income Tax Recovery	1,526,768	649,080
Gains/Loss on Disposals/Write-off	-	-
Net Income/(Loss)	(5,309,622)	(4,195,173)
Total Shares Outstanding	28,676,880	30,176,880
Weighted Avg. Shares O/S	26,407,107	29,426,840
Earnings (Loss) Per Share	(0.20)	(0.14)
Statement of Cash Flow:		
Net Income (Loss)	(5,309,622)	(4,195,173)
All Non-Cash Items	(954,060)	(167,501)
Cash Flow from Operations	(6,263,682)	(4,362,674)
Capital Expenditures	(7,828,054)	(5,849,411)
Acquisitions/Equipments	(777,887)	(1,065,372)
Free Cash Flow	(14,869,623)	(11,277,457)
Working Capital Changes	30,797	(216,203)
Equity Financing	18,852,500	(52,864)
Debt Financing	-	-
Change in Cash	4,013,674	(11,546,524)
Cash, Beginning of the Period	12,260,206	23,720,165
Cash, End of the Period	16,273,880	12,173,641
	Dec. 31 2008	Jun. 30 2009
Balance Sheet:		
Cash	16,273,880	12,173,641
Notes From Related Party	130,091	500,092
Other Current Assets	483,755	743,389
Mineral Properties/Deferred Costs	39,709,555	42,525,720
PP&E	791,628	768,531
Total Assets	57,388,909	56,711,373
Payables	443,719	428,384
Future Income Taxes	3,656,915	3,653,550
Total Liabilities	4,100,634	4,081,934
Shareholders' Equity	53,288,275	52,629,439
Total Liabilities & Equity	57,388,909	56,711,373
Book Value (S.E.) Per Share	\$1.86	\$1.74

Source: eResearch

FINANCIAL REVIEW

- **Cash burn:** Cash burn was approximately \$150,000 per month and is expected to stay at or near this level in 2009.
- **Exploration expenses:** Significantly declined to \$2.9 million for the 12 month ended June 30, 2009 (\$5 million in 2008).
- **Capital expenditures:** Over \$13.6 million was spent since January 2008, mostly on the Marathon project.
- **Good Liquidity:** The Company currently has nearly \$10 million in cash. This amount can cover approximately 7 years of operating expenses.

RATIO ANALYSIS

The Company's fundamentals are sound, with key financial ratios indicating there is potential for an upward movement in the stock price. Currently, Marathon's stock is trading at:

- 59% below its mineral property per share value of \$1.43, indicating the Company has a strong property portfolio; and
- 49% below its book equity per share value of \$1.74.

THE MARATHON PROJECT

We believe that the centre-piece for this Company is the Marathon project. Successfully obtaining financing and bringing this project into production should significantly increase the stock price.

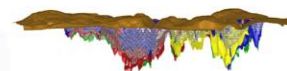
The 2008 definitive feasibility study estimates the following (Source: the Company):

Marathon Reserves:

- PGM & Au: 2.75M oz – 54.2% of global resource
- Copper: 465M lbs - 46.8% of global resource
- Silver: 4.03M OZ 40.2% of global resource
- Rhodium: 13.2K oz

Potential Cash Flow (production rate at 22,000 tpd) and CAPEX:

- NVP@8% discount rate (after tax): \$113M
 - NPV per share (*): \$3.74
 - IRR (after tax): 14.4%
 - Payback period: 3.2 years
 - Total pre-production CAPEX: \$385M
- (*) Based on current shares outstanding



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- (1) the views and opinions expressed herein accurately reflect the Research Analyst's personal views concerning any and all securities and issuers that are either discussed or are the subject matter of this Research Report; and
- (2) the compensation received for the preparation of this report was not related, in any way, to the Research Analyst's views and opinions expressed herein.

eResearch analysts on this report:

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Bob Weir, B. Comm, B.Sc., CFA. Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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