



ABN 13 109 289 527

FINANCIAL STATEMENTS 2006

CORPORATE DIRECTORY

DIRECTORS

Richard Revelins - Non Executive Chairman
Richard Harris - Managing Director
Russell Davis - Executive Director

COMPANY SECRETARY

Kevin Hart

REGISTERED AND PRINCIPAL OFFICE

6 Altona Street
West Perth, WA 6005
PO Box 1157
West Perth, WA 6872
Telephone: (08) 9486 4144
Facsimile: (08) 9481 6405
Email: perth@eleckramines.com.au
Web Site: www.eleckramines.com.au

ASX CODE

EKM

AUDITOR

Stantons International Pty Ltd
1 Havelock Street
West Perth, WA 6005
Telephone: (08) 9481 3188
Facsimile: (08) 9321 1204

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

STOCK EXCHANGE

Australian Stock Exchange Limited
2 The Esplanade
Perth, WA 6000

CONTENTS

CORPORATE DIRECTORY.....	1
HIGHLIGHTS	2
CHAIRMAN'S LETTER.....	4
REVIEW OF OPERATIONS.....	5
SCHEDULE OF INTERESTS IN MINING TENEMENTS	22
CORPORATE GOVERNANCE STATEMENT	23
DIRECTORS' REPORT	28
RESULTS OF OPERATIONS	29
AUDITORS INDEPENDENCE DECLARATION	35
INCOME STATEMENT	36
BALANCE SHEET	37
STATEMENT OF CHANGES IN EQUITY	38
CASH FLOW STATEMENT	39
NOTES TO THE FINANCIAL STATEMENTS.....	40
DIRECTORS' DECLARATION	59
INDEPENDENT AUDIT REPORT	60
ASX SHAREHOLDER INFORMATION	62

HIGHLIGHTS

Foundation Year for Eleckra

The year under review has been a foundation year for Eleckra. During the year the Company changed its name from Faulkner Resources Pty Ltd to Eleckra Mines Limited ("Eleckra", "Company"), converted to a public company and raised \$0.65m in seed funds. Towards the end of the financial year Eleckra closed its \$6m IPO capital raising oversubscribed and completed the acquisition of the Yamarna project tenements for a total consideration of \$2.43m in cash and shares. On 4th July 2006 Eleckra listed on the ASX under the code EKM.

Milestones for the 2006 Financial Year

December 2005	Agreements entered into to acquire two large exploration projects Yamarna North and Yamarna South ("Yamarna Projects") covering the majority of the Yamarna greenstone belt.
February 2006	Company changes its name from Faulkner Resources Pty Ltd to Eleckra Mines Limited and converts to a public company.
March 2006	Completes \$556,500 seed capital raising to prepare and fund cost of IPO and ASX listing.
April 2006	Darkan exploration licence granted.
June 2006	Eleckra IPO raised \$6m having closed oversubscribed.
27 th June 2006	Company settled purchase of Yamarna North and Yamarna South assets for a total consideration of \$2.43m comprising \$0.4m cash, and \$2.03m in shares (10.15m shares at \$0.20).
4 th July 2006	Eleckra lists and commences trading on ASX (code EKM).
12 th July 2006	First RC drilling program commenced.
September 2006	RAB drilling program initiated.
13 th September 2006	Eleckra announces first RC drilling results.

ELECKRA'S KEY ASSETS COMPRISE

Yamarna Projects

- Measured, Indicated and Inferred Mineral Resources of 740,000 oz (12.6mt @ 1.8 g/t Au)
- 3000 km² area of tenements comprising 54 granted tenements and 24 tenement applications
- Yamarna pastoral lease covering 1438 km²

Darkan Project

- 190 km² granted exploration licence.

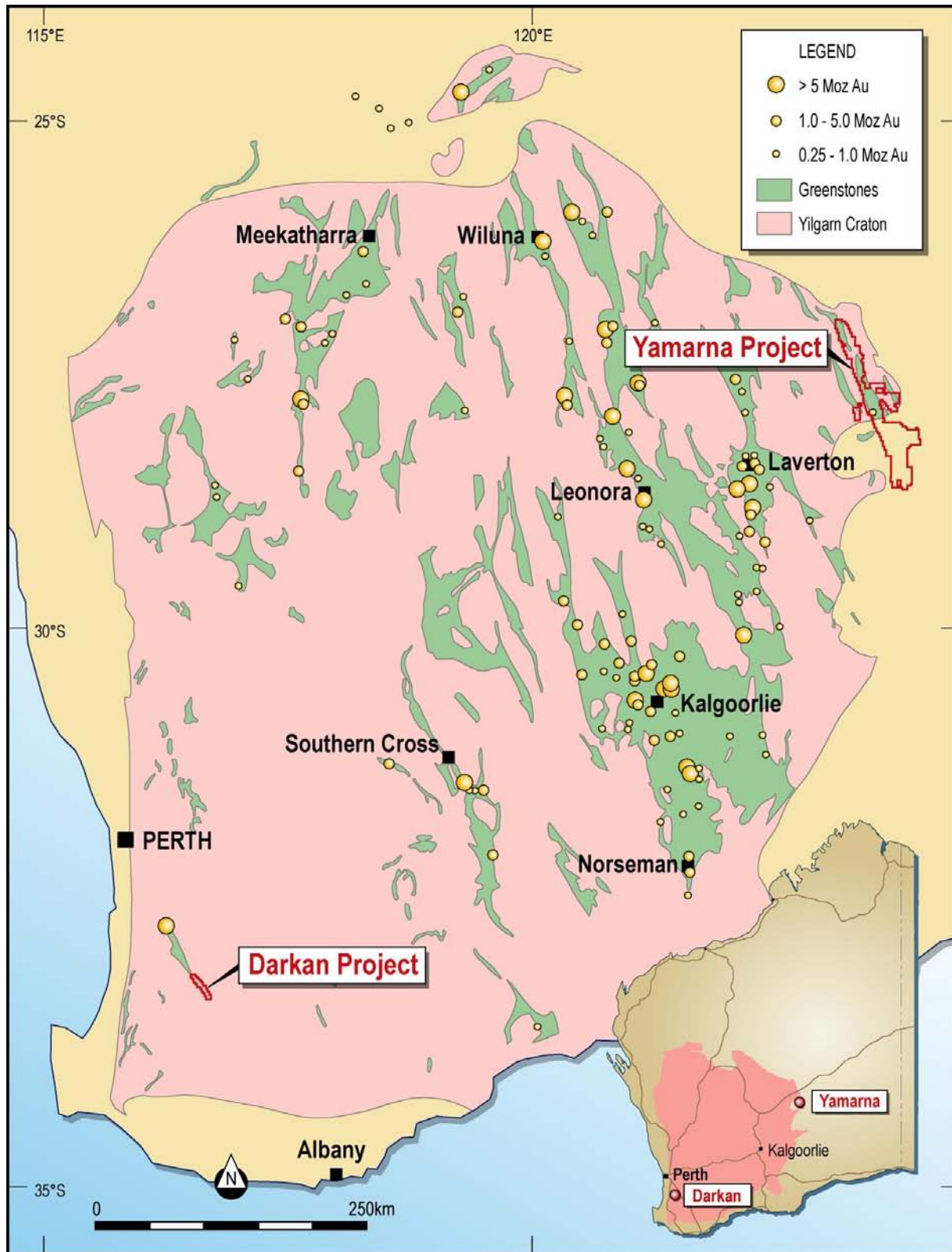


Figure 1: Yilgarn Craton, Yamarna and Darkan project locations and gold endowment and resources

CHAIRMAN'S LETTER

Dear Shareholder,

It is my pleasure to welcome you as a shareholder of Eleckra Mines Limited and present to you the first annual report of the company. Given that Eleckra only listed on the Australian Stock Exchange on 4 July 2006 this Annual Report mirrors much of the information that investors were provided with in the prospectus. Even though the company has only recently listed we have already completed and reported encouraging results from our initial drilling program at the Yamarna Project. We were pleased to report that 90% of the holes drilled returned anomalous gold mineralisation exceeding 1 g/t and showed both depth and strike extensions to known mineralisation. A new program of up to 10,000 metres of RAB and aircore drilling commenced in early September with results anticipated during October.

A distinguishing feature of Eleckra, when compared to many other new listings, is the presence of measured, indicated and inferred mineral resources totalling 740,000 ozs (12.6 mt @ 1.8 g/t Au). The board strongly believes there is great opportunity to discover additional gold mineralisation and resources at the Yamarna Project particularly in light of the lack of extensive previous exploration.

The Yamarna Project now comprises 54 granted tenements and 24 tenement applications covering 3,000 km² which represents virtual blanket coverage over the Yamarna shear zone.

Under the guidance of our managing director Richard Harris and exploration director Russell Davis we have assembled a highly experienced and dedicated professional team with a mandate to pursue an aggressive exploration strategy. This approach has already started to pay dividends in the form of our encouraging first program.

Our large tenement holding, established resources and high priority targets have enabled Eleckra to hit the ground running. Shareholders should anticipate an ongoing flow of results and information as we strive to build upon an already strong base. We look forward to the coming year with confidence and anticipation as we seek to delineate additional resources and test our high priority targets.

Finally I wish to extend our thanks and appreciation to our management and professional advisers who worked diligently on achieving the listing on the ASX and in particularly the brokers, investors and shareholders who have supported Eleckra's activities and goals.

Yours sincerely,



Richard Revelins
Chairman

27th September 2006

REVIEW OF OPERATIONS

ELECKRA'S PROJECTS

Overview

Eleckra has two exploration projects in Western Australia, the Yamarna Project in the Eastern Goldfields and the Darkan Project to the southeast of Perth. On 27th June 2006 Eleckra settled the purchase of tenements comprising its Yamarna North Project and Yamarna South Project ("the Yamarna Project").

The Yamarna Project is constituted by 54 granted tenements and rights in respect of 24 applications for exploration licences, prospecting licences and mining leases. 14 of these exploration licence and prospecting licence applications were applied for during the financial year and subsequent to listing on the ASX.

The Darkan Project comprises one exploration license which was granted during the year. The project is centred some 60 km southeast of the Boddington gold project in southwest WA. The tenement covers a section of the Darkan Fault, which the Company interprets as traversing close to the area of the Boddington gold deposit.

Yamarna Project

(100% interest subject to separate royalty agreements)

The Yamarna Project is situated on the eastern margin of the Archaean Yilgarn Craton in Western Australia, some 140 km east of Laverton and 900km north east of Perth. These tenements cover most of the Yamarna Greenstone Belt and portions of the adjacent Dorothy Hills and Mount Venn greenstone belts within Western Australia's Eastern Goldfields. The Yamarna Project has Measured, Indicated and Inferred Mineral Resources totalling 740,000 oz of gold (12.6mt @ 1.8 g/t Au) and is also prospective for copper, nickel, chrome, platinum group elements and uranium. The project tenements are approximately 3000 km² in area.

Acquisition Agreements

The Company entered into agreements for the acquisition of a 100% interest in two groups of tenements comprising the Yamarna North Project and Yamarna South Project ("the Yamarna Project"). Details of these agreements are summarised below. The agreements also provided for the acquisition of mining information including an exploration database that Eleckra Mines Limited ("Company or Eleckra") anticipates will provide a solid basis for future exploration. The Company settled the purchase of the Yamarna Project on June 27th, 2006.

Yamarna North Acquisition Agreement

Under the Yamarna North Acquisition Agreement the Company acquired tenements and mining information from Asarco Exploration Company, Inc. ("Asarco") and Yamarna Goldfields Limited ("Yamarna Goldfields"). The purchase price included a cash component of \$300,000, together with the issue of 5,000,000 shares to Asarco and 2,150,000 shares to Yamarna Goldfields.

An announcement royalty, being the sum of \$1 million if the Company establishes ore reserves containing at least 400,000 oz of gold is also to be paid to Asarco. The Company has also agreed to pay Asarco a net smelter royalty being 1% of net smelter returns over and above 400,000 oz of gold produced from the Yamarna North tenements, capped at a maximum of \$500,000 per annum.

Under the Agreement, the Company must pay Messrs Harold Carmody, Neil Gill and Trent Stehn a gold ore royalty for each dry tonne of ore treated from commercial mining operations on part of the Yamarna North tenements on an incremental scale up to a maximum of \$2.00 for each dry tonne in respect of gold ore with a grade of 4.5 g/t Au or more. Messrs Carmody, Gill and Stehn are also entitled to a copper ore royalty of \$1.00 for each dry tonne of copper ore treated which has a copper grade of greater than 20 kilograms/tonne.

Also, the Company will acquire a pastoral lease comprising 1,438 km² ("the Pastoral Lease"). The acquisition of the Pastoral Lease, while not central to the Company's activities, will help facilitate access for the conduct of the Company's exploration activities.

Yamarna South Acquisition Agreement

Under the Yamarna South Acquisition Agreement the Company acquired tenements and mining information from Terra Gold Ltd ("Terra"). The purchase price included a cash component of \$100,000, together with the issue of 3,000,000 shares to Terra.

Ancillary to the Yamarna South Acquisition Agreement, Eleckra has agreed to pay Terra an announcement royalty of \$1 million upon establishing resources of 750,000 oz of gold, payable in shares or cash, at Terra's election. The Company also agreed to pay a net smelter royalty of 1% of the net smelter returns over and above 400,000 oz of gold produced from the Yamarna South tenements capped at a maximum of \$500,000 per annum.

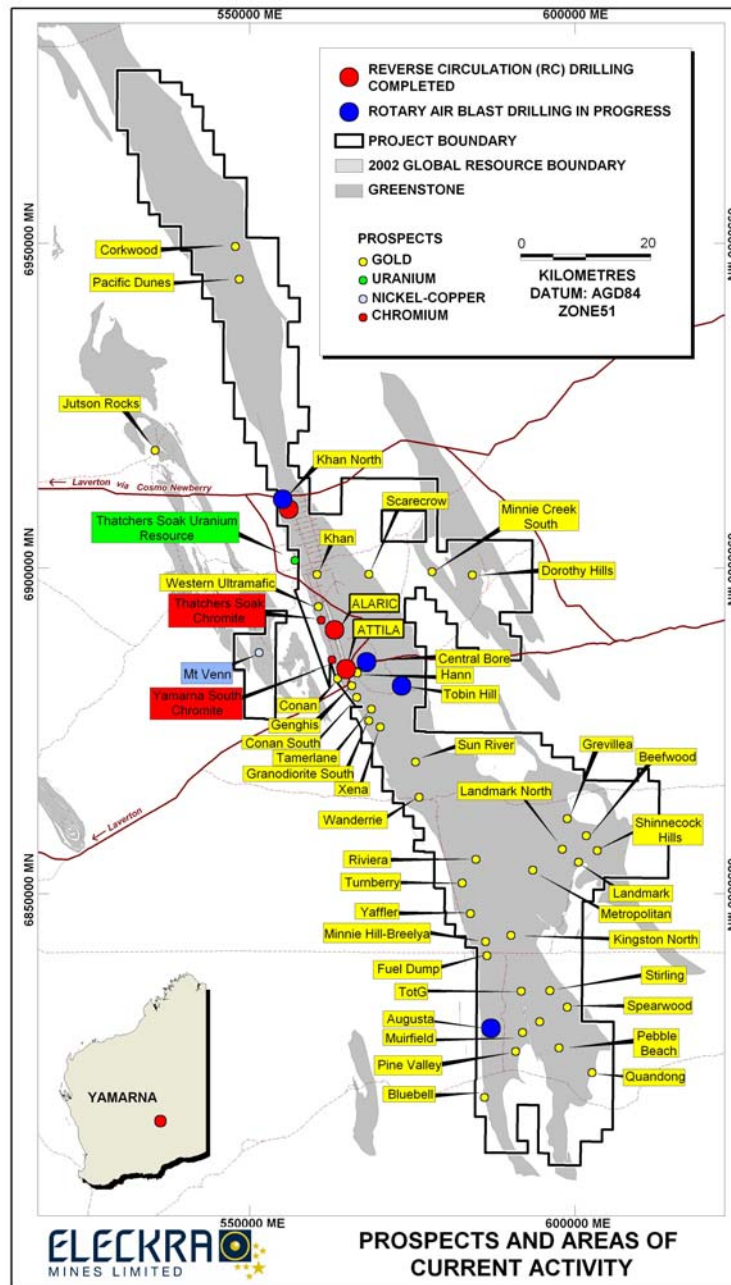


Figure 2: Yamarna tenement outline and prospect locations

Yamarna Project Description

The Yamarna Project is located east of Laverton on the eastern edge of the Yilgarn Craton. The Yilgarn Craton currently produces around half of Australia's 8 million ounces of annual gold production.

The Yamarna Project is principally a gold project with defined resources occurring within a regional scale mineralised gold trend termed the Yamarna shear zone. The Company believes there is scope to discover more gold mineralisation at Yamarna given the lack of intensive historical exploration activity.

The prospectivity of the Yamarna Greenstone Belt is further supported by the results of a deep seismic reflection survey carried out in 2001 which indicated that the Yamarna Greenstone Belt has a similar structural architecture to the highly productive multi million ounce Laverton and Leonora belts to the west. The presence of a major deep-crustal shear zone and associated complex structural corridor is considered to have positive implications for the formation of major gold deposits.

As with many greenstone belts in the Yilgarn Craton region of Western Australia, the Yamarna Greenstone Belt is considered prospective for several commodities as well as gold, with potential for copper-nickel, PGE's, chromite and uranium.

The Company's objective at Yamarna is to locate additional higher grade gold resources, which when combined with the existing identified resources, may facilitate a viable mining operation. To date several deposits have been located within a 14km strike length of the Attila-Alaric line of mineralisation.

Although the average grade of the defined resources is relatively modest at 1.8g/t Au there are some significant intersections of much higher grade mineralisation. Refer to Table 2.

Metallurgical testwork of both the primary and oxidised gold mineralisation indicates that they are free milling and that recoveries of over 93% could be expected from a conventional carbon-in-leach (CIL) treatment plant. Preliminary column leach testwork indicates that the oxide material from the Attila deposit is amenable for heap leaching if agglomerated, with a gold recovery of 83% within 20 days.

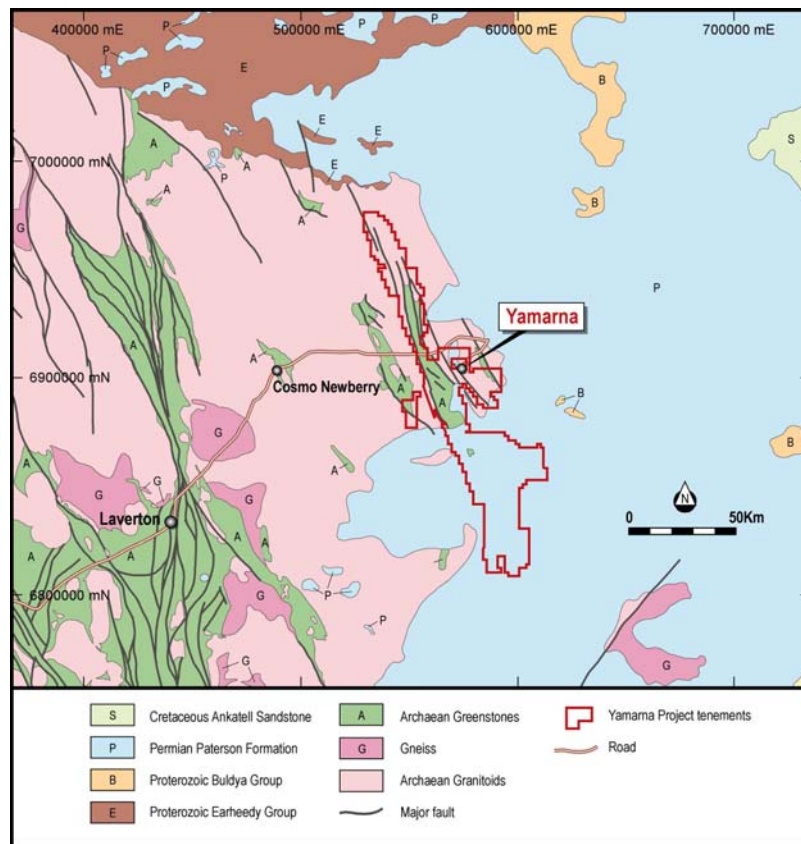


Figure 3: Yamarna project - regional geological setting

Yamarna North Mineral Resources Summary

Mineral Resources		At 1.0 g/t Au cut off		
Category	Meaning	Tonnes	Grade Au g/t	Ounces
Measured	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence	2,380,000	1.73	132,000
Indicated	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.	4,300,000	2.1	290,000
Inferred	That part of a Mineral Resource for which tonnage and/or grade can be estimated with only low levels of confidence.	5,900,000	1.7	310,000
TOTAL		12,600,000	1.8	740,000

Table 1: Yamarna Mineral Resources Summary

All of the above Mineral Resources are located in several deposits within a 14 km strike length within granted Mining Leases. (The totals may not match due to rounding of resource figures.)

"1.0 g/t Au cut off" refers to the minimum grade of gold per tonne (measured in grams) below which mineralised material is not included in the applicable Mineral Resource estimate.

"Ounces" describes a theoretical quantity and does not indicate that the actual amount of gold which could be recovered if extraction were economically viable will equal or exceed that amount.

A "Mineral Resource" is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such a form, quality and quantity that there are reasonable prospects for eventual economic extraction.

All information about the Mineral Resources is based on data generated by parties from whom Eleckra purchased the Tenements comprising the Yamarna North Project and previous explorers. Categorisation of Mineral Resources as Measured, Indicated or Inferred does not establish or indicate that gold or any other material will be able to be extracted, processed, transported or sold economically at a particular time or at all. In each case, additional work would be required to be done and money expended to advance the assessment of a Mineral Resource to a stage which it may be determined that it is economically viable to exploit it. There is no certainty that particular Mineral Resources or any Mineral Resources will be identified by the Company as being economically viable for exploitation.

The information in this report that relates to exploration results and Mineral Resources is based on information compiled by Mr Russell Davis, a director of Eleckra who is a member of the Australasian Institute of Mining and Metallurgy. All information of this type is expressed in terms of the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Davis consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

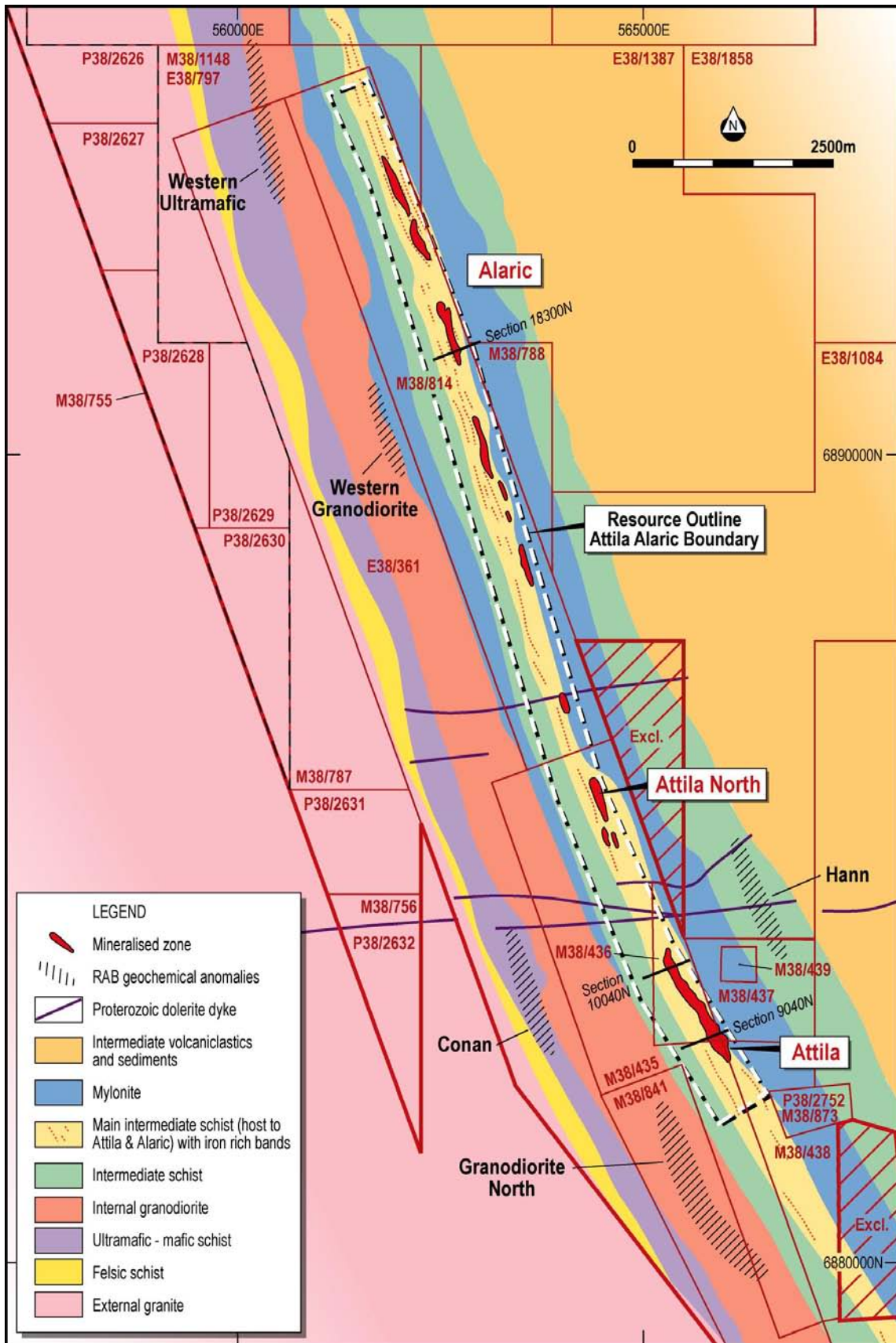


Figure 4: Geology of the Attila-Alaric gold deposits

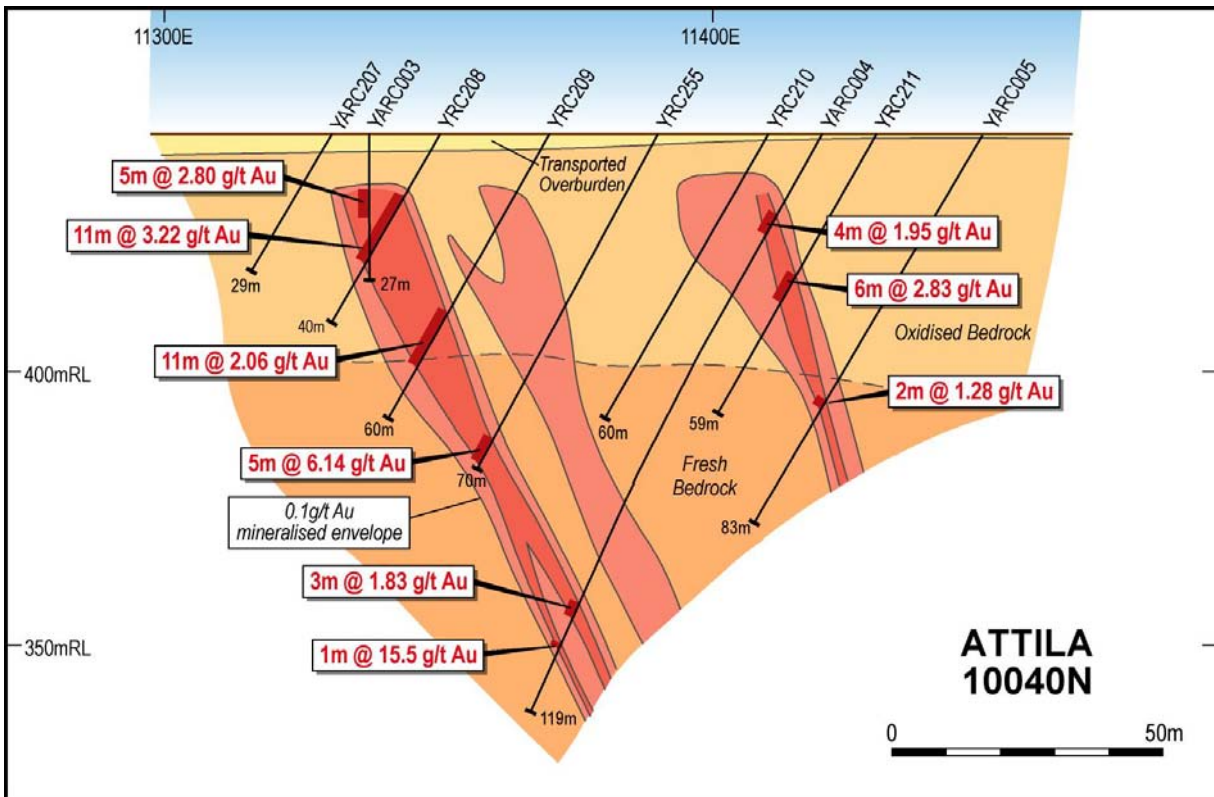


Figure 5: Attila cross section 10040N

Yamarna Significant Drilling Intersection Summary

Hole	Coordinates		Interval m	Assay g/t Au	Depth m	Prospect
	North	East				
YRC 119	9031	11668	3	24.2	62	Attila
YRC 130	9080	11550	8	7.9	39	Attila
YAC 015	9280	11532	7	6.45	14	Attila
YARC 009	9835	11435	3	11.2	26	Attila
YAC 001	10120	11311	7	7.86	18	Attila
YARC 132	12500	11229	1	58.1	54	Attila N
YARC 048	16800	11270	3	35.9	80	Alaric
YARC 074	18700	11360	9	5.15	94	Alaric
YARC 068	20200	11340	2	24.4	63	Alaric
YARC 179	20500	11290	4	11.7	28	Alaric
YARC 303	36400	10628	37	8.2	40	Khan N
YARC 326	36350	10580	3	17.9	66	Khan N
YKJC 358	6843600	586400*	8	8.9	38	Breelya
BBRB 026	11520	14920	1	16.6	17	Ctrl Bore

(Co-ordinates in local grid except for YKJC 358 in AMG)

Table 2: Yamarna Project Selected Significant Drill Results

Gold Prospects

A number of prospects outside of the defined resource area of the Attila-Alaric trend have been identified (Figure 6) many with significant drill intercepts.

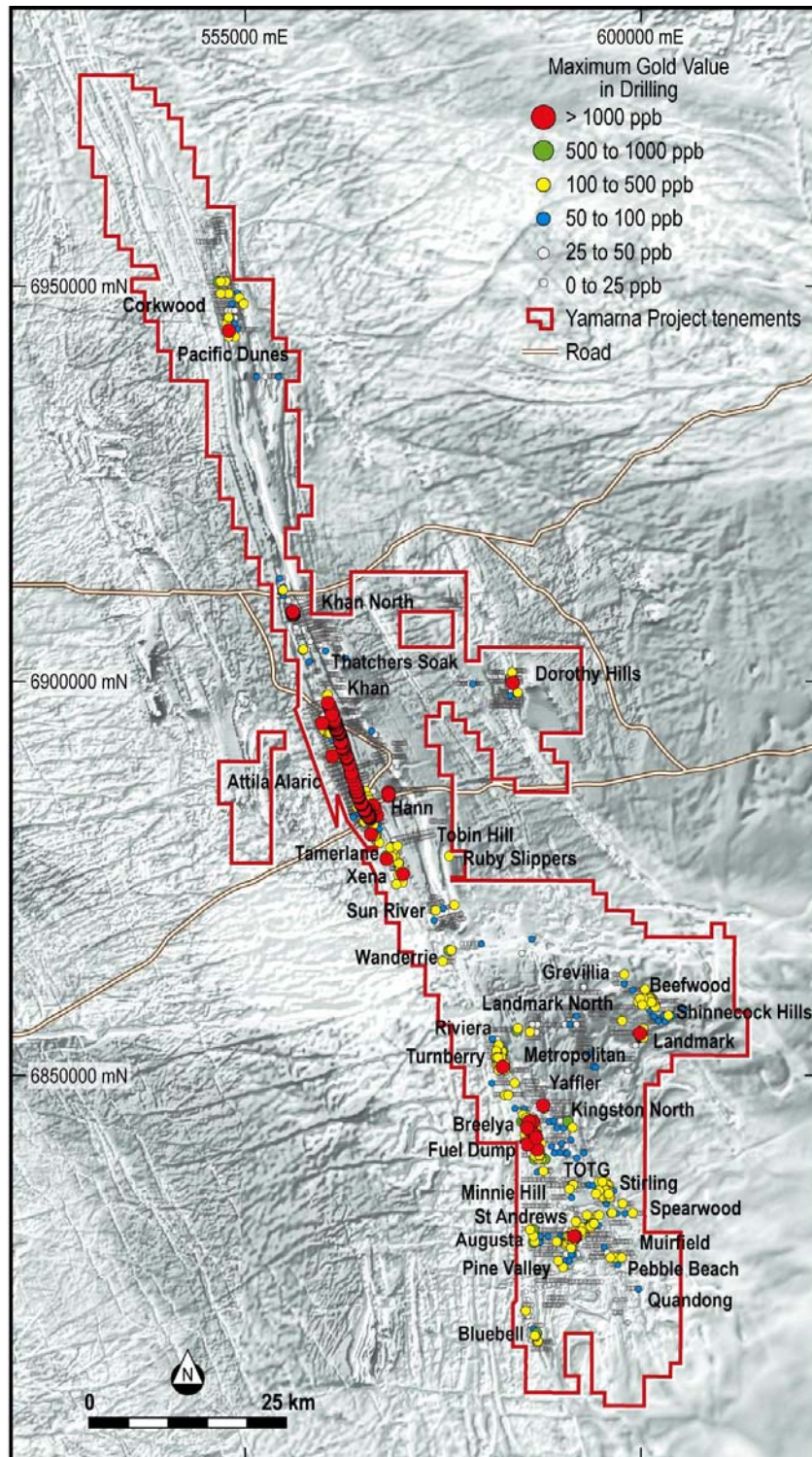


Figure 6: Yamarna gold prospect locations and tenement outline on a greyscale aeromagnetic image

Khan North prospect

The Khan North prospect located 25km north of the Attila deposit was discovered during reconnaissance RAB drilling in 2003. Initial RC drilling included intersections of 37m (6m true width) at 8.2 g/t Au, 3m at 17.9 g/t Au and 2m at 11.8 g/t Au.

Gold mineralisation has been intersected within a sheared porphyry body over a strike length of 500m - the limits of the RC drilling.

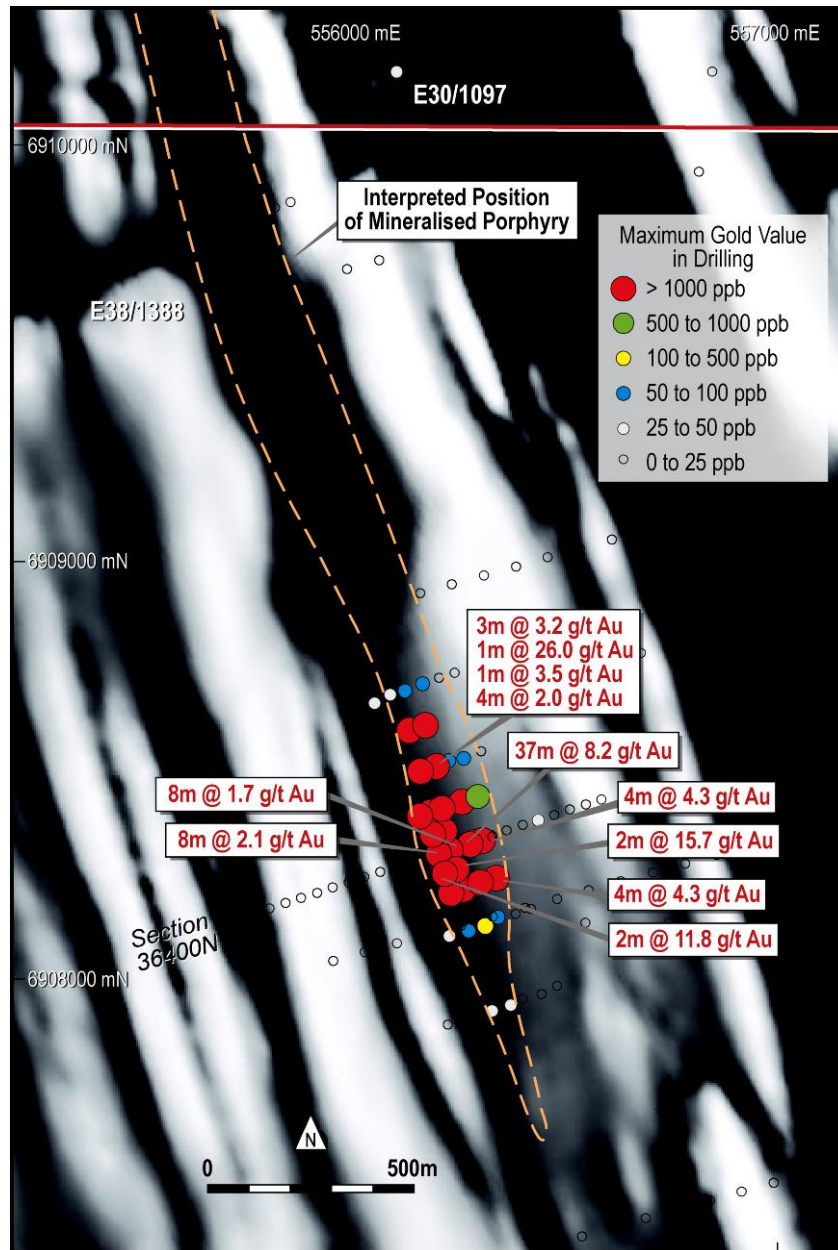


Figure 7: Khan North showing location of drill holes containing anomalous gold on aeromagnetic greyscale image

Breelya and Minnie Hill prospect

These two adjacent prospects are located 45km along strike to the southeast of Attila within the Yamarna shear zone. The prospects were located by systematic bedrock drilling and follow-up RC drilling returned best intersections of 8m at 8.9 g/t Au (including 2m at 31.9 g/t Au) with follow-up intercepts of 2m at 4.2 g/t Au and 2m at 1.74 g/t Au. The mineralisation is associated with extensive quartz-sericite-pyrite alteration of dolerite. To date the prospect has been tested with drilling along lines up to 400m apart and requires additional infill drilling.

Central Bore prospect

The Central Bore prospect is located 5km east of the Attila deposit. Limited drilling has returned intercepts of 1m at 16.6 g/t Au and 4m at 1.3 g/t Au. Additional soil sampling in the area has delineated a new and more extensive gold soil anomaly approximately 1.5km long and 400m wide, centred 500m to the west of the initial prospect.

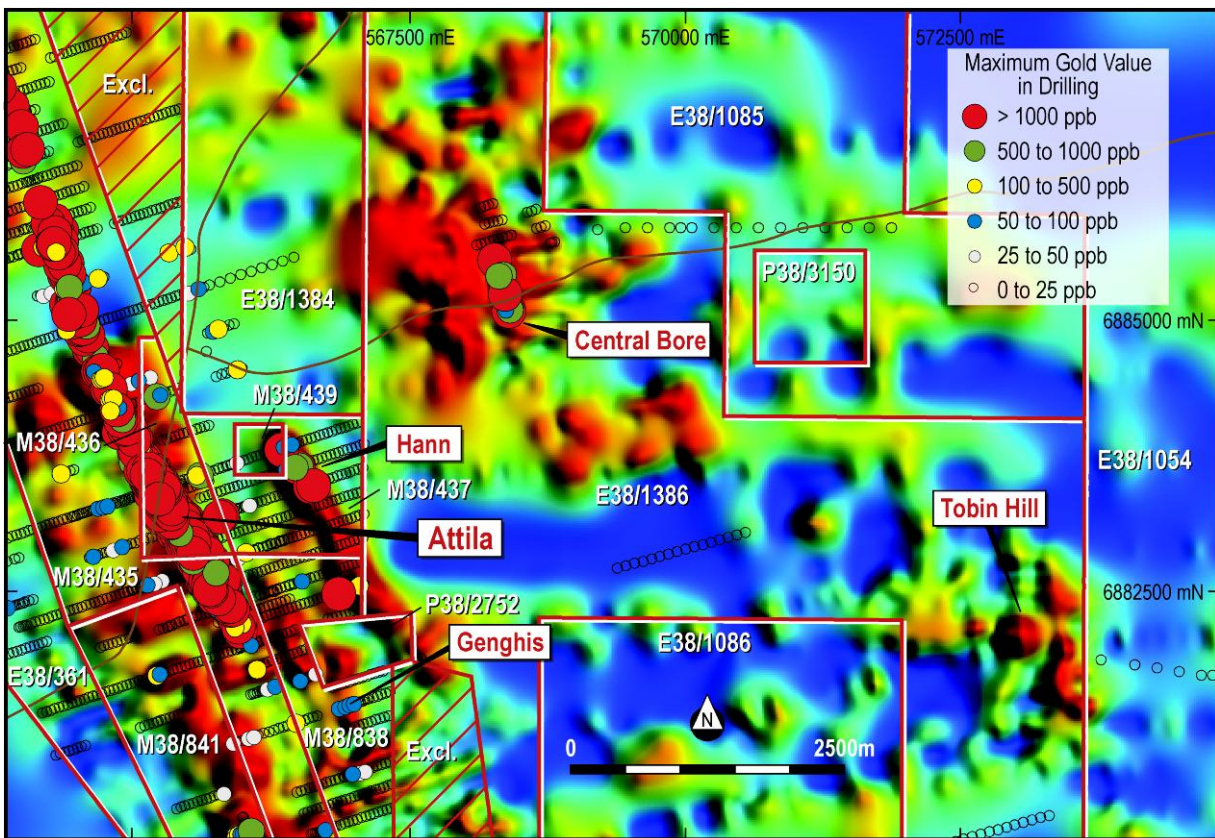


Figure 8: Central Bore and Tobin Hill prospects – location of anomalous drill samples on gold-in-soil geochemical image

Tobin Hill prospect

This prospect, located 10km east of Attila, was first recognized in 2003 by prospectors who found gold nuggets along a zone of sheared and quartz veined basalt. Soil sampling outlined a gold soil anomaly over a strike length of 1.2km which is ready for drill testing.

Wanderrie and Sun River prospects

The Sun River prospect covers faulted and tightly folded banded iron units and is considered to have potential for a Sunrise Dam style of gold deposit. Soil sampling at Wanderrie generated gold soil anomalies of up to 10ppb Au. Very broad spaced reconnaissance drilling generated bedrock gold anomalies of up to 2m at 0.87 g/t Au, which because of their location and the broad drill spacing warrant follow up.

Turnberry/Yaffler prospect

This prospect covers a dilational jog in the Yamarna shear zone about 10km north of Breelya. Aircore geochemical drilling intercepted numerous gold values in the range 0.1 to 0.96 g/t Au which form a broad coherent anomaly around 400m wide and 3km in length.

Augusta prospect

This prospect is about 15km south of Minnie Hill and Breelya on a previously untested and structurally complex section of the Yamarna shear zone. Aircore holes drilled on 200m centres on lines 800m apart returned a number of interesting results including 19m at 0.3 g/t Au, and 10m at 0.35 g/t Au.

Dorothy Hills prospect

RAB and aircore drilling by previous explorers at this prospect 25km northeast of Attila has located anomalous gold mineralisation along a 5km strike length of a major regional fault structure on the western margin of the Dorothy Hills greenstone belt. Previous wide spaced RAB and aircore drilling returned results of up to 2m at 1.72 g/t Au in multiple zones of sheared and pyritic felsic and mafic schists. Deeper RC drilling is required in order to test this target.

Kingston Heath

This prospect is located about 3km northeast of Breelya on a northwesterly trending splay off the Yamarna shear zone within E38/607 and E38/804. Aircore drilling returned intercepts of 1m at 2.01 g/t Au. Drill holes are spaced at 200m on lines 400m apart hence infill drilling is warranted.

Muirfield-St Andrews-Spearwood-Pine Valley-Pebble Beach prospects

This group of prospects is characterised by broadly coincident gold-tellurium-arsenic-antimony anomalies. Six diamond drill holes were drilled over a one kilometre strike length at St Andrews, intersecting strongly altered and pyritic shear zones with a peak value of 0.34 g/t Au over one metre. The multi-element nature of the anomaly and the strength and extent of the alteration zone as shown by the drill core in this area is encouraging. Two diamond drill holes were drilled 2km to the southwest at the Muirfield prospect with no significant results.

Wembley prospect

This prospect is identified as an interesting structural target within the Yamarna shear zone about 40km north of Attila. It has not previously been explored for gold.

Corkwood/Pacific Dunes prospects

This prospect is located within E38/610 and E38/1389 at the northern end of the project. Drilling returned intercepts of up to 4m at 1.79 g/t Au. Soil anomalies and geochemical drilling anomalies in the range 0.1 to 1 g/t Au extend over several km in this area.

Chromite, PGEs and Copper-Nickel Prospects

The Yamarna tenements include portions of layered mafic-ultramafic sequences of the Mount Venn and Yamarna greenstone belts.

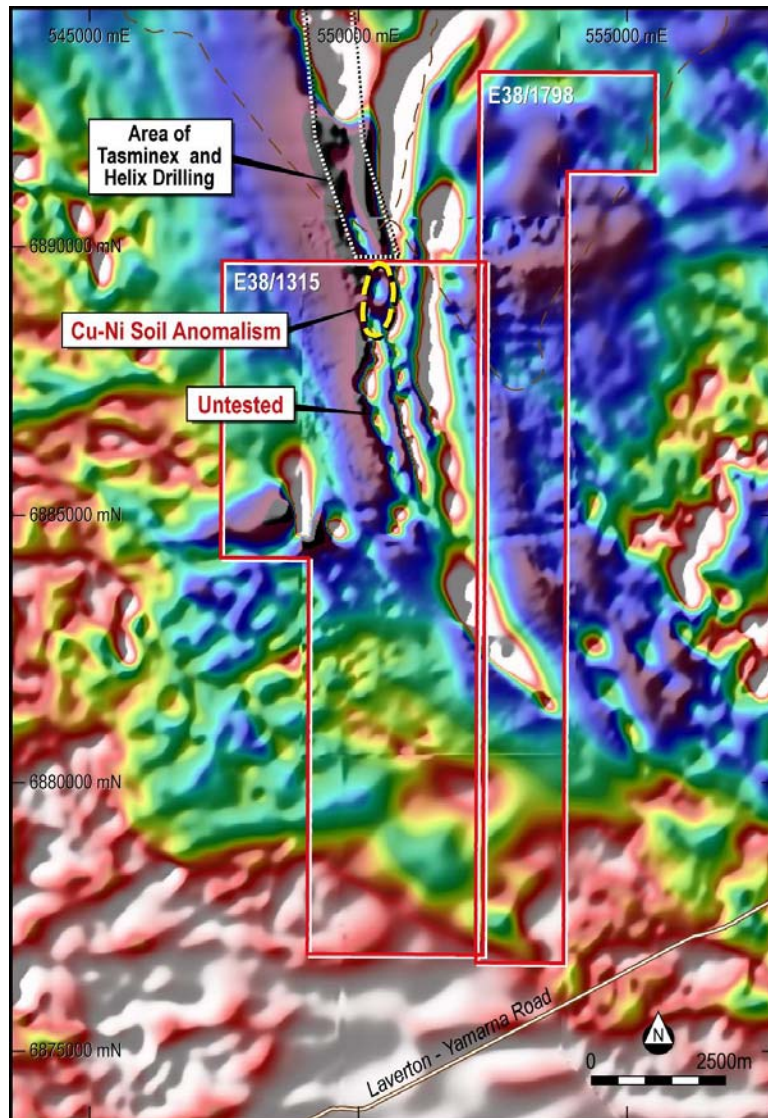


Figure 9: Mt Venn prospect – aeromagnetic image showing the extension of prospective Cu-Ni lithology into E38/1315

Mount Venn prospect

At Mount Venn interpretation of the high resolution aeromagnetic data flown in 2005 indicates that E38/1315 and E38/1798 held by Eleckra may cover the southern extensions of the host rocks containing the copper-nickel mineralised zones currently being explored by Helix Resources NL and before that by Tasminex and WMC in the early 1970s. Gossanous rock chips from the intrusive were reported to contain best assays of 24% copper, 1.9% nickel, 0.4 g/t Au and 0.14 g/t platinum + palladium. RC drilling of electromagnetic (EM) and geochemical targets in 2005 returned best assay results of 2m at 1.2% nickel from a 4m wide zone grading 1.3% copper.

Yamarna chromite prospect

Exploration for chromite and PGEs was undertaken in the late 1970s and early 1980s and was centred on two areas within E38/361 where there is chromitite float and limited exposure of the mafic and ultramafic units. Elsewhere the sequence is obscured by aeolian sands and does not appear to have received any previous effective drilling.

First-pass exploration drilling targeting chromitite float within an ultramafic layer of the intrusion west of the Yamarna homestead identified multiple seams of medium to high grade chromitite grading up to 30% Cr₂O₃ over a two metre interval, and weak PGE mineralisation of up to 0.2 g/t Pt and 0.82 g/t Pd over 0.9m.

Uranium Prospects

Evaluation of the drilling data and airborne uranium radiometric data indicates that Eleckra's tenements cover a section of the Thatchers Soak calcrete-hosted uranium prospect and extensions of the anomalous drainage channel.

The Thatchers Soak deposit was first drilled in 1971 and up to 1974 mineralisation had been delineated within a zone approximately 7.5km long and between 1km and 200m wide. The mineralisation is principally carnotite with the mineralised zones elongated parallel to the drainage and largely coincident with a playa lake system. The mineralisation is usually between 1 and 2m in thickness with 1 to 2m of overburden. The total uranium count data from airborne surveys over the drainage system and the approximate positions of the known drilling for uranium are shown in the diagram below.

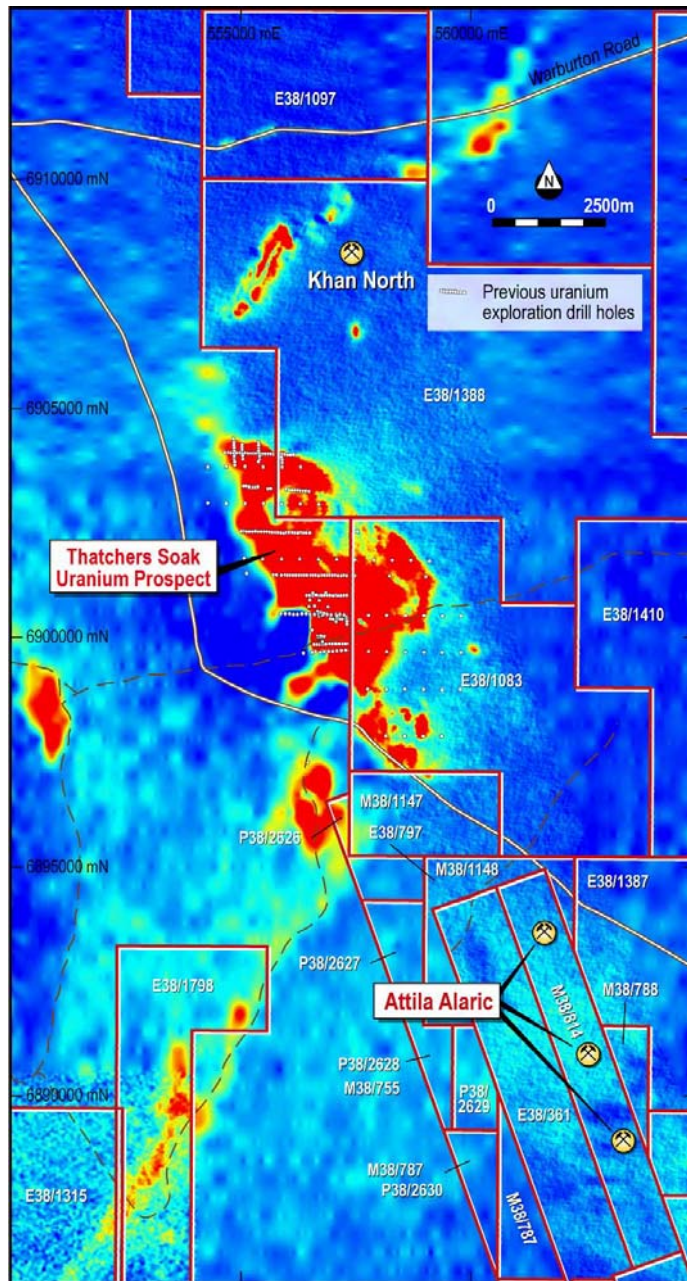


Figure 10: Thatchers Soak prospect – radiometric image showing extension of the anomaly into E38/1083 and E38/1388

Proposed Exploration

Drilling at Yamarna commenced immediately upon listing in early July 2006 and programs of RC, RAB and aircore drilling are expected to continue up until the end of the year.

The Company's exploration program will concentrate on drilling out extensions of higher grade positions within the Attila/Alaric resource area, drilling established targets and generating new structural and geochemical drilling targets in lightly explored areas.

The exploration database includes details of surface and drill hole geochemical information. Past explorers have generated a broad range of anomalies based on these datasets. Historically, the gold geochemical anomalies of the size and strength defined may represent ore grade mineralization and in many cases warrant infill drilling. The Company intends to utilise historical information in respect of the Yamarna Greenstone Belt to prioritise this range of drill targets and to maximise the chances of exploration success.

There are prospective RC drill targets generated within the existing deposits and prospects that may increase the resource base. These targets include the high-grade zones in the Attila/Alaric resource area, the Khan North and the Minnie Hill/Breelya prospects predominantly situated along the Yamarna shear zone. Outside of the resource area most of the Yamarna shear zone has only received reconnaissance level drilling, and substantial sections of the strike have not been tested. Also, most of the drilling that has been undertaken is to a relatively shallow depth.

There are also several targets identified that require additional RAB and/or aircore drilling in order to better define the anomalies prior to RC drilling. These targets include the Turnberry, Augusta, Tobin Hill, Central Bore and Dorothy Hills gold prospects. These targets occur both along the Yamarna shear zone and in other structural positions elsewhere within the belt.

As exploration proceeds the Company anticipates reassessing and prioritising the targets in order to maximise the chances of success. Target generation will also continue, focussing on areas with favourable rock types and structures that have received little or no previous attention. This process will also allow the relinquishment of less prospective tenements - thereby reducing the project expenditure commitment.

The Company is planning to undertake further investigations using up to date operating cost and gold price parameters to determine the potential for developing an operation at the Yamarna Project from the resources outlined to date. In particular the Company intends to investigate the optimum extraction method to use in order to exploit the low grade bulk ore tonnages at the Yamarna Project. Such studies may investigate heap or dump leaching options and large scale treatment plant options.

Other commodities

The Company intends to progress uranium and nickel exploration at the Yamarna Project and may explore opportunities with reputable joint venture partners with greater expertise in these commodities, potentially releasing funds for further exploration activity.

Evaluation of previous drilling data and airborne uranium radiometric data indicates that some of the Tenements cover a section of the Thatchers Soak calcrete-hosted uranium prospect and extensions of the anomalous drainage channel. The Company may test the potential for possible economic uranium resources at Thatcher's Soak with a modest exploration drill program in its own right or farm out these rights.

The Company considers that the layered mafic-ultramafic sequences in the Yamarna Greenstone Belt and within the southern sections of the Mount Venn greenstone belt have as yet untested potential for Ni-Cu, PGE's and chromite.

Results of Eleckra's first exploration drilling program

The Company's first program of 33 holes of RC drilling for 2625 metres was completed at Yamarna during July and August 2006. The Company has received the final assay results from this program which was initiated within one week of the Company's ASX listing.

Hole	Prospect	Interval (m)	Grade (g/t Au)	From (m)	Comment
EYRC003	Attila	4	5.68	37	Infill drilling
EYRC003	Attila	19	1.44	67	Depth extension of mineralized zone
EYRC004	Attila	6	2.09	104	Depth extension of mineralized zone
EYRC007	Attila	6	5.45	53	Strike extension at north end of deposit
EYRC011	Attila North	3	9.36	68	Test potential for further mineralization
EYRC027	Alaric	3	4.58	24	Infill drilling
EYRC030	Khan North	2	3.84	38	Up dip extension of mineralized zone

Table 3: Significant drill intersections from July & August 2006 RC drill program at Yamarna

Holes were drilled at selected targets within the Attila, Attila North, Alaric, Khan North and Hann zones within the granted mining leases. The objective of the drilling was to begin to test the potential of adding higher grade resources to the currently defined resource base. The program was successful with over 90% (30) of the 33 holes drilled returning intercepts of 1gpt Au or greater.

At the southern end of the Attila deposit four holes were drilled to test below the existing limits of drilling for extensions of the mineralization between 60 and 100 metres depth. Much of the Attila deposit has only been drilled to a depth of 60 to 80 metres and the depth potential of this 1.4km long deposit has not been adequately assessed. Several encouraging intercepts were returned including 19 metres at 1.44g/t Au from 67 metres in EYRC003 and 8 metres at 1.49g/t Au from 80 metres in EYRC004. The Attila drilling program provides further confidence for the potential to add to the existing resources at Attila by verifying the continuation of down dip and down plunge extensions of the strongest mineralized lenses.

At the northern end of the Attila deposit two shallow holes extended the mineralization 25 metres to the north, returning values of 5 metres at 3.34g/t Au from 45 metres in EYRC006 and 6 metres at 5.45g/t Au from 53 metres in EYRC007 in two separate lenses. The encouraging grade and width of the step out drilling adds scope to extend the Attila deposit further to the north as the previous drilling does not appear to have fully tested this position. This will be followed up in future drilling programs.

There are several zones of mineralization occurring within the Attila North and Alaric trend that are only partially delineated. The drilling program here was designed to test for strike extensions of some of these zones.

Encouraging results were returned from the 550m long section between 12000N and 12550N including 7 metres at 1.79g/t Au from 43 metres in EYRC008, 6 metres at 2.73g/t Au from 41 metres in EYRC009, 3 metres at 9.36g/t Au from 68 metres in EYRC011 and 5 metres at 2.58g/t Au from 40 metres in EYRC012. Attempts to extend the high grade zones intercepted in previous drilling on Sections 12400N and 12500N were unsuccessful.

At the Khan North prospect four holes were drilled up-dip of the high grade intercepts on 36350N and 36400N. Results were somewhat disappointing with the best result of 2 metres at 3.84 g/t Au from 38 metres in EYRC030 located 30 metres up-dip from a previous intercept of 3 metres at 17.9g/t Au. The higher grades remain open at depth and deeper drilling is warranted in this area.

A program of up to 10,000 metres of RAB and aircore drilling commenced at Yamarna in early September 2006. The program will provide early stage drill testing of strike extensions to Khan North as well as the Central Bore, Tobin Hill and Augusta prospects. Results from this program are expected in October 2006.

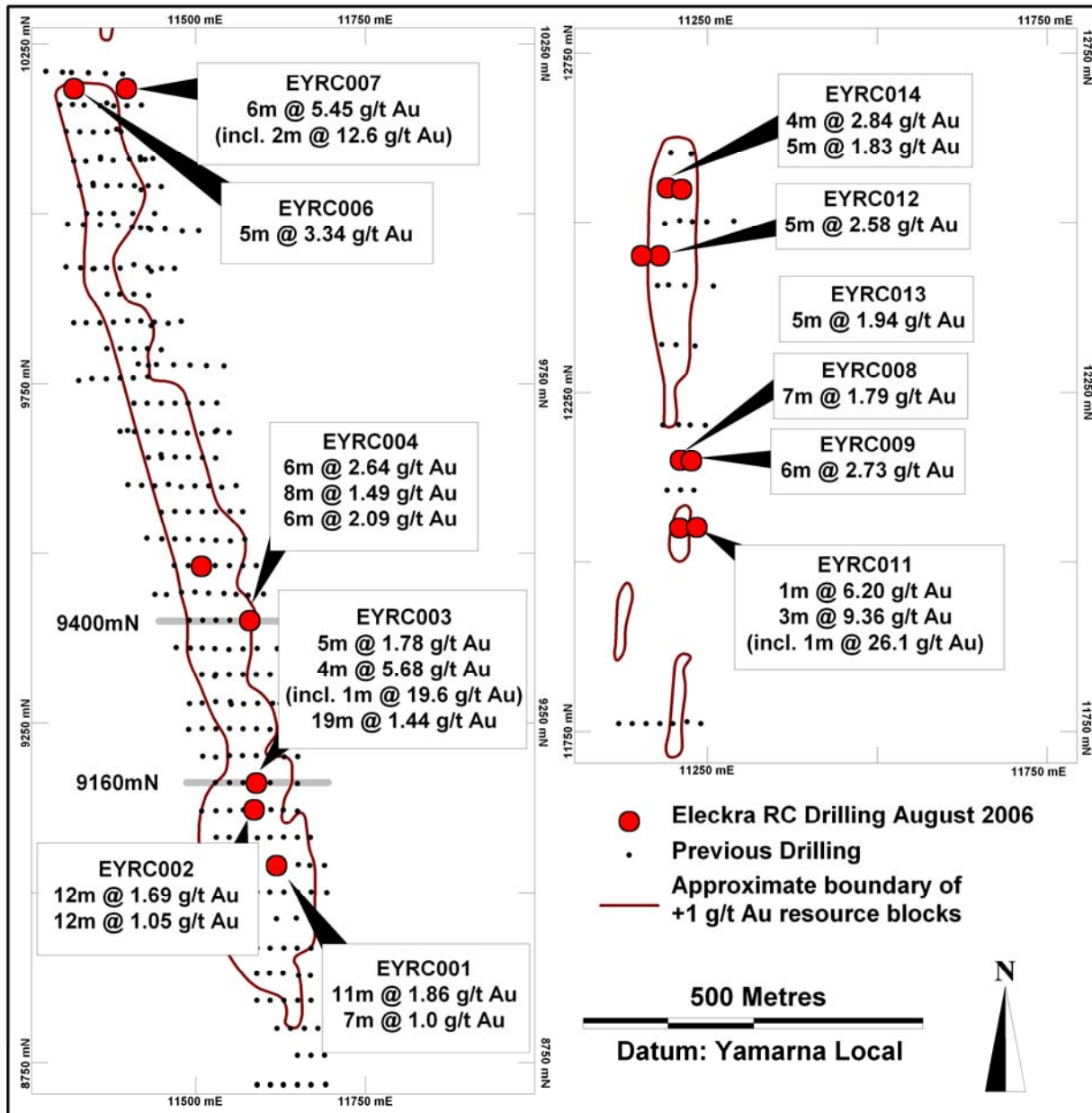


Figure 11: August 2006 RC drilling location plan for Attila and Attila North areas

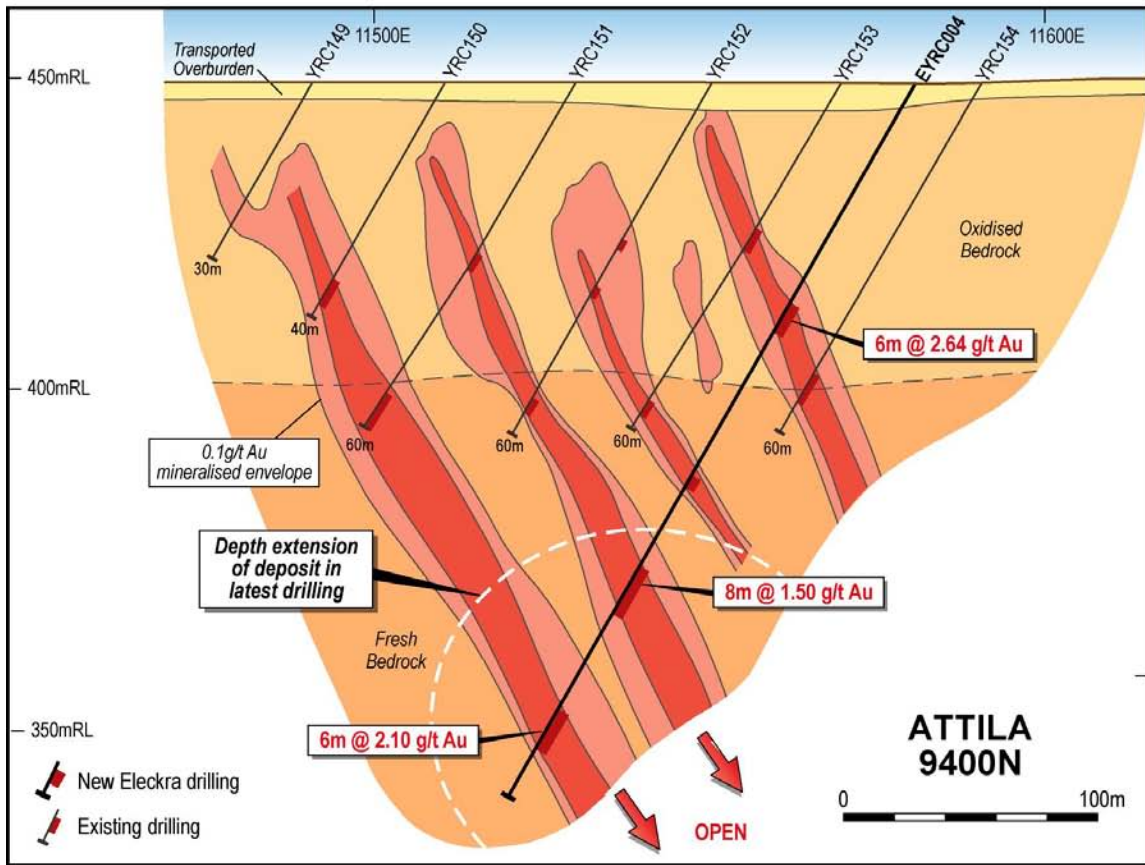
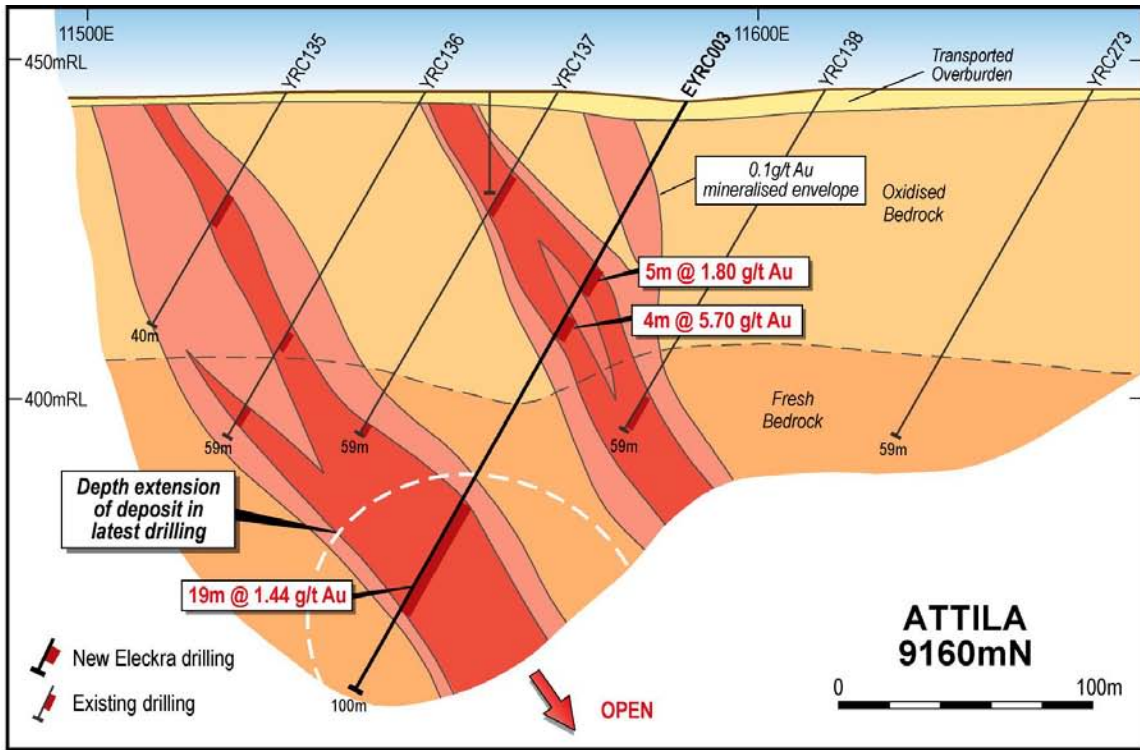


Figure 12: Drillhole cross section – Attila 9160N and 9400N

Darkan Project

(100% interest)

The Darkan project is centred 60 km to the southeast of the Boddington gold-copper deposit, a large gold deposit with current reserves of 11 moz of gold that is currently under development.

The Boddington deposit is located in the Saddleback greenstone belt and is interpreted as a structurally controlled, intrusion related deposit. The deposit is situated close to a major southeast trending fault zone and is intruded by late stage felsic intrusives and disrupted by cross faulting. Interpretation of aeromagnetic imagery by the Company suggests this fault zone extends out of the Saddleback greenstone belt to the southeast through the Darkan tenement. The fault displays structural dislocations and flexures, which will provide the initial focus for Eleckra's exploration. In addition, possible late-stage felsic intrusions have been mapped along the fault within the Darkan tenement. The Darkan tenement includes up to 35 km of strike length of the fault zone.

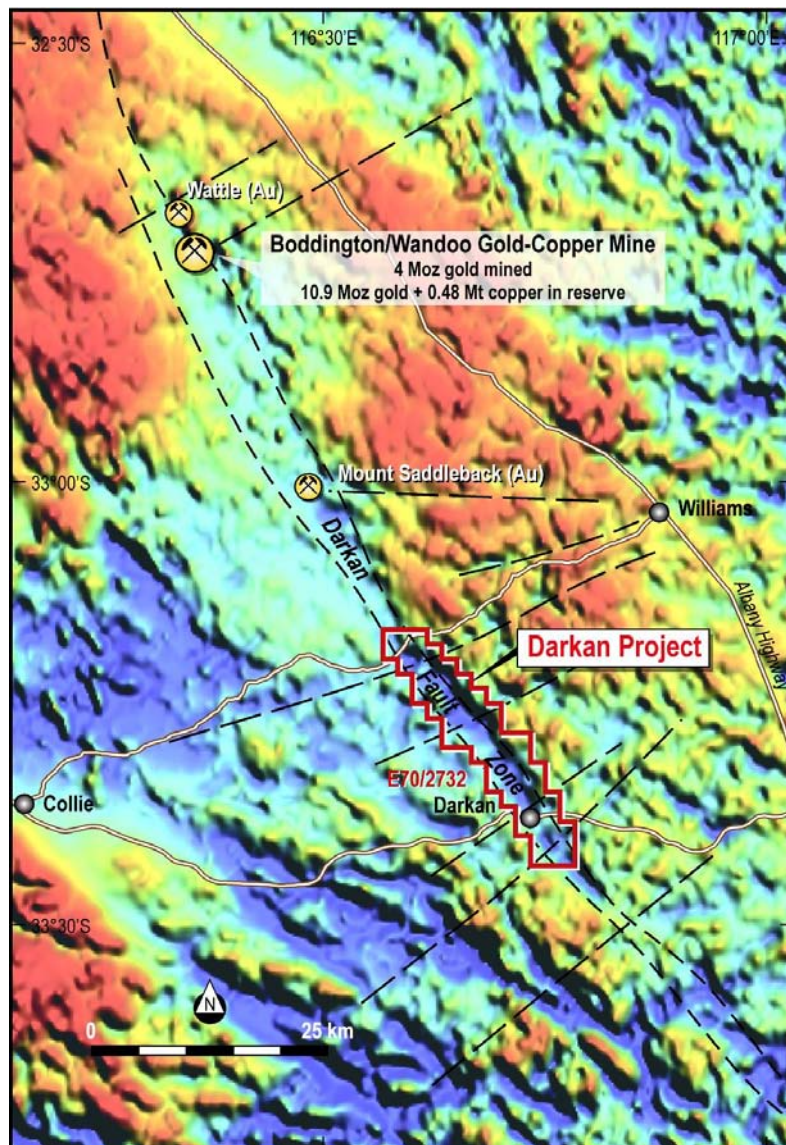


Figure 13: Darkan project - aeromagnetic image showing similar structural setting to the Boddington-Wandoo deposits

The Company's exploration approach for the Darkan Project will be designed to assess the fault for gold deposits. The Company will obtain and review previous exploration results and then conduct mapping, soil and rock chip sampling programs, initially along public access roads and tracks that cross the favourable structural and geological positions. Further work will depend on the results of this program.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement Number	Registered Title Holder	Eleckra Interest	Status	Project	Tenement Number	Registered Title Holder	Eleckra Interest	Status	Project
E38/361	Eleckra Mines Limited	100	Granted	Yamarna	M38/435	Eleckra Mines Limited	100	Granted	Yamarna
E38/525	Eleckra Mines Limited	100	Granted	Yamarna	M38/436	Eleckra Mines Limited	100	Granted	Yamarna
E38/526	Eleckra Mines Limited	100	Granted	Yamarna	M38/437	Eleckra Mines Limited	100	Granted	Yamarna
E38/541	Eleckra Mines Limited	100	Granted	Yamarna	M38/438	Eleckra Mines Limited	100	Granted	Yamarna
E38/544	Eleckra Mines Limited	100	Granted	Yamarna	M38/439	Eleckra Mines Limited	100	Granted	Yamarna
E38/607	Eleckra Mines Limited	100	Granted	Yamarna	M38/658	Eleckra Mines Limited	100	Application	Yamarna
E38/608	Eleckra Mines Limited	100	Granted	Yamarna	M38/668	Eleckra Mines Limited	100	Application	Yamarna
E38/610	Eleckra Mines Limited	100	Granted	Yamarna	M38/755	Eleckra Mines Limited	100	Application	Yamarna
E38/613	Eleckra Mines Limited	100	Granted	Yamarna	M38/756	Eleckra Mines Limited	100	Application	Yamarna
E38/620	Eleckra Mines Limited	100	Granted	Yamarna	M38/787	Eleckra Mines Limited	100	Granted	Yamarna
E38/691	Eleckra Mines Limited	100	Granted	Yamarna	M38/788	Eleckra Mines Limited	100	Granted	Yamarna
E38/797	Eleckra Mines Limited	100	Granted	Yamarna	M38/814	Eleckra Mines Limited	100	Granted	Yamarna
E38/804	Eleckra Mines Limited	100	Granted	Yamarna	M38/841	Eleckra Mines Limited	100	Granted	Yamarna
E38/1054	Eleckra Mines Limited	100	Granted	Yamarna	M38/873	Eleckra Mines Limited	100	Application	Yamarna
E38/1083	Eleckra Mines Limited	100	Granted	Yamarna	M38/930	Eleckra Mines Limited	100	Application	Yamarna
E38/1084	Eleckra Mines Limited	100	Granted	Yamarna	M38/931	Eleckra Mines Limited	100	Application	Yamarna
E38/1085	Eleckra Mines Limited	100	Granted	Yamarna	M38/1003	Eleckra Mines Limited	100	Application	Yamarna
E38/1086	Eleckra Mines Limited	100	Granted	Yamarna	M38/1004	Eleckra Mines Limited	100	Application	Yamarna
E38/1097	Eleckra Mines Limited	100	Granted	Yamarna	M38/1147	Eleckra Mines Limited	100	Application	Yamarna
E38/1312	Eleckra Mines Limited	100	Granted	Yamarna	M38/1148	Eleckra Mines Limited	100	Application	Yamarna
E38/1315	Eleckra Mines Limited	100	Granted	Yamarna	M38/1178	Eleckra Mines Limited	100	Application	Yamarna
E38/1336	Eleckra Mines Limited	100	Granted	Yamarna	M38/1179	Eleckra Mines Limited	100	Application	Yamarna
E38/1355	Eleckra Mines Limited	100	Granted	Yamarna					
E38/1386	Eleckra Mines Limited	100	Granted	Yamarna	P38/1199	Eleckra Mines Limited	100	Granted	Yamarna
E38/1387	Eleckra Mines Limited	100	Granted	Yamarna	P38/2626	Eleckra Mines Limited	100	Granted	Yamarna
E38/1388	Eleckra Mines Limited	100	Granted	Yamarna	P38/2627	Eleckra Mines Limited	100	Granted	Yamarna
E38/1389	Eleckra Mines Limited	100	Granted	Yamarna	P38/2628	Eleckra Mines Limited	100	Granted	Yamarna
E38/1468	Eleckra Mines Limited	100	Granted	Yamarna	P38/2629	Eleckra Mines Limited	100	Granted	Yamarna
E38/1504	Eleckra Mines Limited	100	Granted	Yamarna	P38/2630	Eleckra Mines Limited	100	Granted	Yamarna
E38/1528	Eleckra Mines Limited	100	Granted	Yamarna	P38/2631	Eleckra Mines Limited	100	Granted	Yamarna
E38/1539	Eleckra Mines Limited	100	Granted	Yamarna	P38/2632	Eleckra Mines Limited	100	Granted	Yamarna
E38/1545	Eleckra Mines Limited	100	Granted	Yamarna	P38/2752	Eleckra Mines Limited	100	Granted	Yamarna
E38/1565	Eleckra Mines Limited	100	Granted	Yamarna	P38/3150	Eleckra Mines Limited	100	Granted	Yamarna
E38/1567	Eleckra Mines Limited	100	Granted	Yamarna	P38/3169	Eleckra Mines Limited	100	Granted	Yamarna
E38/1798	Eleckra Mines Limited	100	Application	Yamarna	P38/3346	Eleckra Mines Limited	100	Application	Yamarna
E38/1845	Eleckra Mines Limited	100	Application	Yamarna	P38/3345	Eleckra Mines Limited	100	Application	Yamarna
E38/1847	Eleckra Mines Limited	100	Application	Yamarna	P30/3337	Eleckra Mines Limited	100	Application	Yamarna
E38/1848	Eleckra Mines Limited	100	Application	Yamarna	P38/3338	Eleckra Mines Limited	100	Application	Yamarna
E38/1858	Eleckra Mines Limited	100	Application	Yamarna					
E38/1931	Eleckra Mines Limited	100	Application	Yamarna	E70/2732	Eleckra Mines Limited	100	Granted	Darkan
E38/1932	Eleckra Mines Limited	100	Application	Yamarna					

Table 4: Eleckra Mines Limited tenement schedule as at September 25th, 2006

ELECKRA MINES LIMITED

CORPORATE GOVERNANCE STATEMENT

The Directors of Eleckra Mines Limited ("Eleckra"), ("Company") support the establishment and ongoing development of good corporate governance for the Company and the consolidated entity.

Eleckra has adopted systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised below. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Board and management are committed to corporate governance and, to the extent they are applicable to the Company, have adopted the Ten Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council ("**ASX Principles and Recommendations**"). Eleckra officially listed on the Australian Stock Exchange Limited on 4 July 2006.

This Statement sets out the corporate governance practices in place from 3 March 2006 and as at the date of this report which comply with the recommendations of the Corporate Governance Council unless otherwise stated. Prior to 3 March 2006 the corporate governance practices of the company were not formalised or documented

Corporate Governance Council Recommendation 1 Role of the Board of Directors

The role of the Board is to build long term sustainable value for its security holders whilst respecting the interests of its stakeholders.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Senior Executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

In broad terms the Board Charter clarifies the respective roles of the Board and senior management and assists in decision making processes.

Corporate Governance Council Recommendation 2 Board Composition

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the consolidated entity, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event one third of the Directors are subject to re-election by shareholders at each general meeting.

The Board is presently comprised of three members, one non-executive chairman and two executive.

The Board has assessed the independence of its non executive director according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that the non-executive chairman is not independent by virtue of his director related substantial shareholding in the company.

ELECKRA MINES LIMITED

CORPORATE GOVERNANCE STATEMENT

The Non-Executive Director is Mr Richard Revelins (Chairman). The Board believes that Mr Revelins is the most appropriate person for the position as Chairman because of his industry experience and proven track record as a public company director. The skills, experience and expertise of all Directors is set out in the Directors' Report.

The Board does not have a separate Nomination Committee as the selection and appointment process for Directors is carried out by the full Board. The company is not of a sufficient size to warrant a separate committee.

The Board at this point in time does not have any independent directors. However the board considers both its structure and composition are appropriate given the size of the company and its current scale of operation.

Corporate Governance Council Recommendation 3 Ethical and Responsible decision making

Code of conduct

The Board believes in and supports ethical and responsible decision making.

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company. This Code addresses expectations for conduct in the following areas:

- Responsibility to shareholders;
- Integrity and honesty;
- Respect for laws;
- Conflicts of interests;
- Protection of assets;
- Confidential information;
- Employment practices;
- Respect for the community;
- Respect for individuals;
- Fair trading and dealing;
- Compliance with Code of Conduct: and
- Periodic review of Code

Security Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that notification of intended trading should be given to the Chairman prior to trading.

The law prohibits insider trading and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by directors or their related entities in the Company's securities.

ELECKRA MINES LIMITED

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Council Recommendation 4 Integrity in financial reporting

Managing Director and Company Secretary

The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of Company and the consolidated entity present a true and fair view, in all material aspects, of the financial position and operational results. In addition confirmation is provided that all relevant accounting standards have been appropriately applied.

Audit Committee

The Company does not have a separately constituted audit committee. The Company is not of a size nor are the affairs of a complexity sufficient to warrant the existence of a separate audit committee. All matters which could be delegated to such a committee are dealt with by the full board.

External audit recommendations, internal control matters and any other matters arising from the half-year audit review and the annual statutory audit are discussed directly between the Chairman and the audit engagement partner and reported to the full board.

External Auditors

The Company's policy is to appoint external Auditors who clearly demonstrate quality and independence. Performance of the external auditor is reviewed annually by the Board. Auditor rotation is required by the Corporations Act 2001.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report

Corporate Governance Council Recommendation 5 Timely and balanced disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the consolidated entity's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

In view of the size of the Company and its experienced board and management structure, the Company has not adopted written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements at this time.

In accordance with ASX Listing Rules, the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6 Rights of Security Holders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy.

In addition to electronic communication via the ASX web site, the Company will publish all ASX releases including Annual and Half-Yearly financial statements on the Company's website as soon as it is established.

ELECKRA MINES LIMITED

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Council Recommendation 7 Recognise and Manage Risk

Risk Management

The identification and development of strategies to mitigate risks associated with the consolidated entity's operation is the responsibility of the Board. The Board recognises that as the Company progresses through exploration to evaluation, there are new issues and risks that need to be prudently addressed. If necessary, the Board draws on the expertise of external consultants to assist in dealing with and mitigating risk.

The company is not currently considered to be of a size, nor its affairs of such complexity to justify the implementation of a formal system for identifying, assessing, monitoring and managing risk in the organisation.

The Company does not have an internal audit function.

The Managing Director and Company Secretary are not required at this time to provide a statement to the Board on the Company's risk management and internal compliance and control systems.

Corporate Governance Council Recommendation 8 Encourage Enhanced Performance

Performance Review

The Board has not undertaken a formal review of its performance for the year ended 30 June 2006.

The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis. Due to the early stage of development of the Company, it is difficult for quantitative measures of performance to be established. As the Company progresses its current projects, the Board intends to establish appropriate evaluation procedures.

Independent professional advice and access to information

Each Director has the right to access all relevant information in respect to the Company and the consolidated entity and to make appropriate enquiries of senior management. The Directors have access to the Company Secretary at all times.

Each Director has the right to seek independent professional advice on matters relating to him as a director of the company at the company's expense, subject to prior approval of the Chairman which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 9 Remunerate Fairly and Responsibly

The Company's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Disclosure of the details of the nature and amount of each element of directors, including non-executive directors, and executive's remuneration is included in the financial statements.

No bonuses and/or incentive payments have been paid and are not anticipated.

ELECKRA MINES LIMITED

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee

The Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board has not created a separate Remuneration Committee. Due to the early stage of development and small size of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives.

Remuneration is currently in accordance with the general principals recommended by the ASX, that is, non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration.

The Board ensures that, all matters of remuneration will continue to be in accordance with Corporations Act requirements, by ensuring that none of the Directors participate in any deliberations regarding their own remuneration or related issues. To the extent that additional executives are appointed in the future and the scope of the Company's activities expands the Company will reconsider whether a change in the structure of executive remuneration is appropriate.

Corporate Governance Council Recommendation 10 Recognise the legitimate interests of Stakeholders

It is expected that all directors, managers and employees observe the highest standards of integrity, objectivity and business ethics in conducting its business, striving at all times to enhance the reputation and performance of the Company in respect of legal and other obligations to all legitimate stakeholders.

Accordingly, the Board acknowledges the rights of stakeholders and has adopted a Code of Conduct (refer Principle 3) in-line with the recommendations of this Principle 10.

ELECKRA MINES LIMITED

DIRECTORS' REPORT

The Directors present their report on Eleckra Mines Limited for the year ended 30 June 2006.

Directors

The names and details of the Directors of Eleckra Mines Limited during the financial year and until the date of this report are:

Richard Revelins – BEc

Non-Executive Chairman appointed 23 November 2005

Mr Revelins has held senior executive positions in merchant banking and stockbroking firms and has acted as an advisor to a number of public companies in such matters as takeovers, mergers and acquisitions, sale of businesses, debt and equity raisings and strategic financial advice.

Mr Revelins is currently chairman of Atlas Iron Limited. He is a director of Mining Projects Group Limited, Mintails Limited and Cangold Limited (Canada). He was a former director of IM Medical Limited (resigned 31 March 2005) and Prima Biomed Limited resigned 30 November 2004).

Richard Harris – BSc (Hons)

Managing Director (Executive) appointed 7 November 2005

Mr Harris has 25 years experience in the mining and stockbroking industries and his prior positions include senior mining analyst Hartleys Limited, senior business analyst – acquisitions WMC Limited and international mining analyst – Associate Director Shearson Lehman Hutton Limited, London.

Mr Harris holds a Bachelor of Science Honours degree in Mining Engineering from the University of Wales, UK.

Mr Harris has considerable experience evaluating mining companies and projects, advising and raising capital for resource companies. Having specialized in the junior gold sector Mr Harris has established a wide network of relationships with senior executives and management across both the mining and financial markets and brings strong skills and experience in project and company evaluations, acquisition strategy and negotiation.

Russell Davis – BSc (Hons), MBA, MAIMM, FFIN

Exploration Director (Executive) appointed 28 May 2004

Mr Davis is a geologist with 25 years experience in mineral exploration, management, property acquisition, mining and development. During this period he has worked on the exploration and development of a range of commodities for companies including Texasgulf Australia Limited, ELF Aquitaine Australia Limited, Noranda Australia Limited, Asarco Australia Limited, Wiluna Mines Limited and Asarco. Mr Davis brings with him considerable expertise, in particular, given Mr Davis' association with Asarco, Mr Davis is familiar with many details of the Yamarna Projects.

Mr Davis has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager for Asarco. In recent years Mr Davis has been responsible for instigating and managing mineral exploration activities for Asarco and for acquiring projects held by Eleckra Mines Limited.

Mr Davis holds a Bachelor of Science with Honours from the University of Queensland, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia and an MBA from Deakin University. Mr Davis is a Member of the Australasian Institute of Mining and Metallurgy and a fellow of the Financial Services Institute of Australasia.

Kevin R Hart

Company Secretary

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 4 August 2006. He has over 20 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities.

Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
R Revelins	5,720,000	500,000
R Harris	3,120,000	3,000,000
R Davis	3,130,000	3,000,000

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2006 and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	Eligible to attend	Attended
R Revelins	19	12
R Harris	23	23
R Davis	24	24

Principal Activities

The principal activities of the company during the financial year consisted of mineral exploration in Western Australia.

There were no significant changes in these activities during the financial year.

Results of Operations

The net loss after income tax for the financial year was \$234,191 (2005: \$49,962).

Included in the loss for the current year is a write-off of deferred exploration expenditure totalling \$Nil (2005: \$ 27,742).

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Review of Activities

Exploration

A detailed review of the company's activities during the financial year is set out in the section titled "Review of Operations" in this Annual Report.

Financial Position

At the end of the financial year the company had \$5,869,572 (2005: \$147) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$2,655,506 (2005: \$Nil). Mineral exploration and evaluation expenditure during the year for the company was \$2,655,506 (2005: \$27,742).

Expenditure was principally focused on the Yamarna Projects.

Impact of Legislation and other External Requirements

Since 1 July 2005 the company has been required to comply with Australian equivalents to International Financial Reporting Standards (AIFRS) issued by the Australian Accounting Standards Board. The impact of the resulting changes in accounting policies is disclosed in Note 27 of the Financial Report.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the company during the financial year were as follows:

The company changed its status from a proprietary limited company to a public limited company on 17 February 2006 and changed its name from Faulkner Resources Pty Ltd on the same day.

During the year there were the following significant issues of ordinary shares:

- 9,000,000 shares issued to directors, employees and promoters raising \$90,000
- 7,949,999 shares issued to directors, employees, promoters and seed capitalists raising \$556,500 (of which 418,932 shares were issued to eliminate debt of \$29,325)
- 1,000,000 shares issued to Hartleys Limited of 7 cents each in respect of management fees associated with the Initial Public Offering
- 30,000,000 shares issued in respect of the company's IPO under a Replacement Prospectus dated 13 June 2006, raising \$6,000,000 before costs of the issue
- 10,150,000 shares issued at 20 cents each as vendor consideration to Terra Gold Mining Limited (3,000,000 shares), Asarco Exploration Inc (5,000,000 shares) and Yamarna Goldfields Limited (2,150,000 shares)

The company achieved its listing on the Australian Stock Exchange on 4 July 2006.

Options Over Unissued Capital

Unlisted Options

During the financial year the Company granted 6,500,000 unlisted options over unissued shares to directors of the company. No ordinary shares were issued on the exercise of options.

- (i) unlisted options have a 24 month escrow period from the date of listing on the Australian Stock Exchange Limited. The escrow period applies until 4 July 2008.

Since the end of the financial year no unlisted options have been exercised.

As at the date of this report unissued ordinary shares of the Company under option are:

Number of Options Granted	Exercise Price	Expiry Date
6,500,000 (i)	20 cents	31 March 2011

- (i) Unlisted options have a 24 month escrow period from the date of listing on the Australian Stock Exchange Limited. The escrow period applies until 4 July 2008.

These unlisted options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Matters Subsequent to the End of the Financial Year

The company's listing on the Australian Stock Exchange was achieved on 4 July 2006.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the company and is dependent upon the results of the future exploration and evaluation.

Environmental Regulation and Performance

The company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

Remuneration Report

Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the company.

Total remuneration for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

At the date of this report the Company has not entered into any agreements with Directors or Senior Executives which include performance based components, nor is there any provision for issuing securities to Directors or Senior Executives.

Refer also to the Corporate Governance Statement for more detail on the Boards policy in this area.

Details of Remuneration for Directors and Executive Officers

During the year there were no Senior Executives which were employed by the Company for whom disclosure is required.

Details of the remuneration of each Director of the company are as follows:

YEAR 2006

Directors	Base Emolument	Superannuation Contributions	Other Benefits	Value of Options	Total
	\$	\$	\$	\$	\$
R Revelins (i)	-	-	-	7,666	7,666
R Harris (ii)	56,000	5,040	-	45,998	107,038
R Davis (iii)	40,000	3,600	-	45,998	89,598
TOTAL	96,000	8,640	-	99,662	204,302

- (i) Options represent 100.0% of R Revelins remuneration.
- (ii) Options represent 42.9% of R Harris remuneration.
- (iii) Options represent 51.3% of R Davis remuneration.

YEAR 2005

Directors	Base Emolument	Superannuation Contributions	Other Benefits	Value of Options	Total
	\$	\$	\$	\$	\$
R Davis	-	-	-	-	-

Executive Employment Agreements

Remuneration and other terms of employment for the Managing Director and Exploration Director are set out in their respective Executive Employment Agreements. Major provisions are as follows:

Richard Harris – Managing Director

- Term of agreement – 3 years commencing 4th July 2006 (date Eleckra listed on ASX).
- Base salary of \$190,000 per annum from the date of listing on the Australian Stock Exchange, and prior to listing \$7,000 per month.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, is equivalent to 2 years salary.

Russell Davis – Exploration Director

- Term of agreement – 3 years commencing 4th July 2006 (date Eleckra listed on ASX).
- Base salary of \$170,000 per annum from the date of listing on the Australian Stock Exchange, and prior to listing \$5,000 per month. In addition Mr Davis is entitled to the use of a company vehicle.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, is equivalent to 2 years salary.

Unlisted Options

Options over unissued shares have been issued to directors of the company during the financial year.

Officer's Indemnities and Insurance

During the year and as at the date of this report there is not a Directors and Officers Liability insurance cover in place.

The Company has not provided any insurance for an auditor of the Company.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the annual report.

Non-audit Services

During the year Stantons International, the Company's auditor, has performed certain other services in addition to their statutory duties.

Total remuneration paid to auditors during the financial year:

	2006	2005
	\$	\$
Audit and review of the company's financial statements	7,000	-
Taxation and other services	8,084	-
TOTAL	15,084	-

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

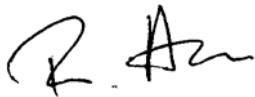
A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 35.

Auditor

Stantons International continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 27th day of September 2006.

A handwritten signature in black ink, appearing to read 'R. Harris', is positioned above the printed name of the director.

Richard Harris
Director

27 September 2006

Board of Directors
Eleckra Mines Limited
6 Altona Street,
WEST PERTH WA 6005

Dear Directors

RE: ELECKRA MINES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eleckra Mines Limited.

As Audit Director for the audit of the financial statements of Eleckra Mines Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

**STANTONS INTERNATIONAL
(Authorised Audit Company)**



**John Van Dieren
Director**

ELECKRA MINES LIMITED

INCOME STATEMENT

For the financial year ended 30 June 2006

		2006	2005
	Note	\$	\$
Revenue from continuing operations	5	22,253	-
Total revenue			
Employee expenses		(129,978)	(825)
Employee expenses charged to exploration		119,451	-
Equity based remuneration expense		(99,662)	-
Accounting and advisory expenses		(27,945)	(4,092)
Operating lease expenses		(11,274)	-
Depreciation expense	10	(1,475)	-
Corporate and office expenses		(49,524)	(464)
Legal costs		(38,649)	(13,939)
Finance costs		(1,250)	-
Other expenses		(16,138)	(2,900)
Exploration costs written off and expensed		-	(27,742)
Loss before income tax		(234,191)	(49,962)
Income tax expense	7	-	-
Loss attributable to members for the year	16	(234,191)	(49,962)
Earnings per share for loss attributable to the ordinary equity holders of the company.		Cents	Cents
Basic earnings/(loss) per share	26	(2.63)	-
Diluted earnings/(loss) per share	26	(2.63)	-

The above income statement should be read in conjunction with the accompanying notes.

ELECKRA MINES LIMITED

BALANCE SHEET

As At 30 June 2006

		2006	2005
	Note	\$	\$
Current assets			
Cash and cash equivalents	8	5,869,572	147
Trade and other receivables	9	65,416	1,691
Total current assets		5,934,988	1,838
Non- current assets			
Property, plant and equipment	10	4,889	-
Capitalised mineral exploration and evaluation expenditure	11	2,655,506	-
Total non-current assets		2,660,395	-
Total assets		8,595,383	1,838
Current liabilities			
Borrowings	13	-	26,025
Trade and other payables	12	698,926	25,774
Total current liabilities		698,926	51,799
Total liabilities		698,926	51,799
Net assets		7,896,457	(49,961)
Equity			
Contributed equity	14	8,080,948	1
Accumulated losses	16	(284,153)	(49,962)
Equity remuneration reserve	16	99,662	-
Total equity		7,896,457	(49,961)

The above balance sheet should be read in conjunction with the accompanying notes.

ELECKRA MINES LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 30 June 2006

		2006	2005
	Note	\$	\$
Total equity at the beginning of the financial year		(49,961)	-
Loss for the year	16	(234,191)	(49,962)
Movement in equity remuneration reserve	16	99,662	-
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity	14	8,746,500	1
Transaction costs of equity issued	14	(665,553)	-
Total equity at the end of the financial year		7,896,457	(49,961)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ELECKRA MINES LIMITED

CASH FLOW STATEMENT

For the financial year ended 30 June 2006

		2006	2005
	Note	\$	\$
Cash flows from operating activities			
Interest received		22,253	-
Payments to suppliers and employees		(146,964)	(25,878)
Interest paid		(1,250)	-
Net cash used in operating activities	25(a)	(125,961)	(25,878)
Cash flows from investing activities			
Payments for exploration and evaluation		(218,089)	-
Payments for tenement acquisition		(400,000)	-
Payments for plant and equipment		(7,000)	-
Net cash used in investing activities		(625,089)	-
Cash flows from financing activities			
Proceeds from loans received		53,300	26,025
Repayment of loans		(50,000)	-
Proceeds from the issue of shares		6,617,175	-
Net cash provided by financing activities		6,620,475	26,025
Net increase/(decrease) in cash held		5,869,425	147
Cash and cash equivalents at the beginning of the financial year		147	-
Cash and cash equivalents at the end of the financial year	8(a)	5,869,572	147
Non cash financing activities	25(b)		

The above cash flow statement should be read in conjunction with the accompanying notes.

ELECKRA MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2006

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Eleckra Mines Limited as an individual entity.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporation Act 2001.

Compliance with IFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the financial statements and notes of Eleckra Mines comply with the International Financial Reporting Standards (IFRS).

Application of AASB1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Eleckra Mines Limited financial statements to be prepared in accordance with AIFRS. AASB1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of Eleckra Mines Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain aspects from AIFRS. When preparing Eleckra Mines Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. The comparative figures in respect of 2005 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Company's equity and its net income are given in note 27.

Early adoption of standards

The company has not elected to adopt any standards early as permitted under AASB1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Financial Statements

For the financial year ended 30 June 2006

(c) Revenue recognition and receivables

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

