



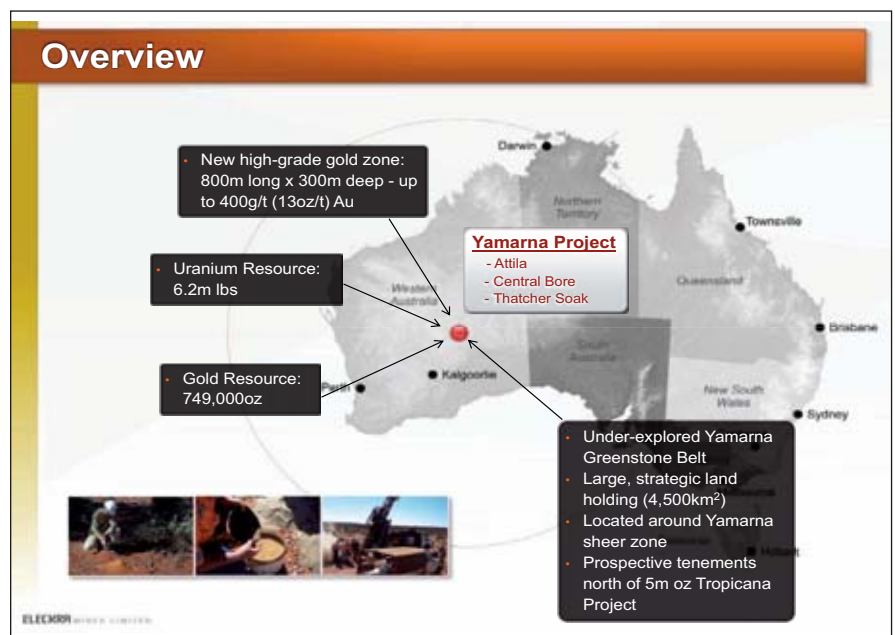
## Eleckra Mines Limited

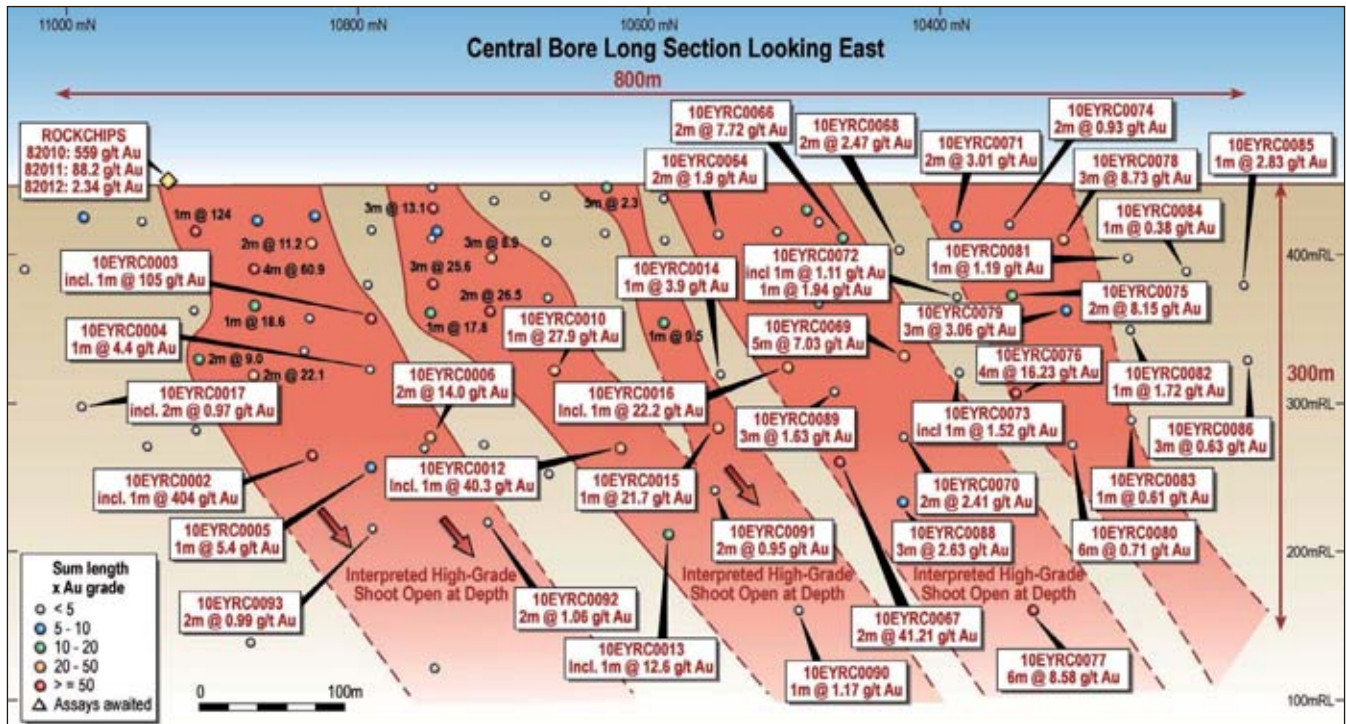
Eleckra Mines Limited (“Eleckra, Company”) has recently been in the news with a new high-grade gold discovery at its Central Bore project. With many gold intercepts > 100 g/t Au (3oz/t), this deposit is likely to be the company maker for Eleckra. Market commentators are realising that Eleckra’s vast (~4,100km<sup>2</sup>) and prospective (controlling the Yamarna shear zone and greenstone belt) tenements could be host to multi-million ounces of gold, and become the next major gold region in Australia.

The Company owns 100% of the Yamarna Gold Project, a sizeable tenement package totalling approximately 3,200km<sup>2</sup>, covering the majority of the Yamarna greenstone belt. Eleckra’s prospective uranium tenement portfolio around the Yamarna region covers an additional area of approximately 900km<sup>2</sup>. AngloGold / Independence’s Tropicana 5 million ounce gold deposit lies to the south of Eleckra’s Yamarna tenements.

Yamarna is located on the eastern margin of the Archaean Yilgarn Craton in WA, 900km north-east of Perth and 140km east of Laverton. The Yilgarn Craton hosts numerous world class gold orebodies and accounts for more than half of Australia’s 8 moz annual gold production.

The updated resource for the Yamarna Gold Project was announced





on the ASX on 1 September 2008, totalling 749,000 ounces of gold (13.1 mt at 1.78 g/t Au). This resource excludes the 2009/2010 discovery of the high-grade Central Bore deposit.

In late 2009 Eleckra completed 39 holes for 3,900 metres of reverse circulation drilling, and confirmed gold mineralisation over 500 metres, down to a depth of 150 metres. High grade gold intercepts in 2009 included:

- 4m at 60.9 g/t Au from 64m, incl. 1m at 182.8g/t;
- 1m at 124g/t from 35m;
- 3m at 25.6g/t Au from 75m, incl. 1m at 72.85g/t;
- 2m at 26.5g/t Au from 100m, incl. 1m at 41.99g/t;
- 2m at 22.1g/t from 152m, incl. 1m at 33.0g/t;
- 3m at 8.85g/t Au from 57m, incl. 1m at 24.7g/t;
- 2m at 11.2g/t Au from 46m, incl. 1m at 19.5g/t;
- 1m at 18.6g/t Au from 99m;
- 2m at 9.0g/t Au from 132m, incl. 1m at 13.9g/t;

In the first half of 2010 Eleckra completed 48 holes for 8,100 metres of reverse circulation drilling at its Central Bore project area, where the high-grade intercepts were confirmed over an 800m strike length, and down to a depth of 300m. The high grade intercepts include:

- 3m at 136 g/t Au from 192m, incl. 1m at 404g/t;
- 2m at 53g/t Au from 104m, incl. 1m at 105g/t;
- 2m at 21g/t Au from 188m, incl.

- 1m at 40g/t;
- 2m at 41g/t Au from 201m, incl. 1m at 70g/t;
- 4m at 16g/t Au from 157m, incl. 1m at 49g/t
- 6m at 9g/t Au from 290m, incl. 2m at 18g/t.

The maiden resource for Central Bore is anticipated later in 2010, together with gravity separation testwork and high-level mining economics.

Further reverse circulation and diamond drilling of the high-grade targets is planned for the second half of 2010.

The Company holds several granted tenements and tenement applications that cover sections of the Thatcher Soak

calcrete hosted uranium prospect and northern and southern extensions of the Thatcher Soak drainage channel. Thatcher Soak was drilled in the 1970s by previous uranium explorers and carnotite materialisation within a paleochannel drainage system has been delineated within a zone approximately 7.5km long and 200m – 1,000m wide, between 0.5m and 5m in thickness below 1m – 2m of overburden.

The Company announced its maiden uranium resource estimate on 15 September 2008 containing 6.2 million pounds of U<sub>3</sub>O<sub>8</sub> (approximately 2.8kt) (16.1 mt at 174 ppm U<sub>3</sub>O<sub>8</sub>).



# Eleckra Mines Limited (EKM)

The intensified exploration effort at Eleckra's Yamarna belt project (WA), (0.75Moz resource) is focused on the high-grade Central Bore discovery. The inaugural resource statement due in 4Q10 could confirm a significant (~150koz) additional high grade gold resource.

## Company comment

### Overview

EKM listed on the ASX in July 2006. Its focus is the underexplored Yamarna Greenstone Belt where it has established a 749koz gold resource, and a 6.2mlb shallow calcrete U<sub>3</sub>O<sub>8</sub> resource.

### Yamarna Project (WA)

(3,000km<sup>2</sup>, gold) EKM's exploration focus is on the Yamarna shear zone – a regional scale mineralised trend considered prospective for multimillion-ounce discoveries. EKM's 749koz (1.78g/t) resource occurs in the Attila-Alaric zone along a 17km strike length.

### Yamarna Deep

EKM has identified 10 target areas with potential deeper high grade shoots (>10g/t). The first target – Alaric 2 – produced good high grade intercepts, as did Khan North.

### Central Bore (CB)

(3.7km E of Attila) CB is the main focus of a 10,000m RC drilling program which started in May 2010. CB is a new high-grade vein discovery parallel to Attila-Alaric.

CB is shaping up as a significant mineralised zone of at least 800m strike length, and a likely source of higher grade ore.

Recent RC drilling (3,930m) produced further high grade intercepts, e.g. 2m @ 41.21g/t and 2m @ 7.72g/t, at the southern end of the now ~800m confirmed strike length. The mineralisation is still open to the south.

### New Anomalies

Soil geochem surveys have identified numerous anomalous gold zones parallel to Attila and CB. In the current 10,000m RC campaign, EKM recently drilled six reconnaissance holes at Byzantium (1 km long, only 500m from CB) and 29 holes at Hann, a strong 2.8km anomaly only 1.1km from Attila. Initial assay results indicated encouraging gold intercepts at Hann, but this is very early stage, and much further drilling remains to be done in the follow-up RC campaign 2H10.

### Next steps

After the success at Central Bore, Hann and Byzantium, EKM is planning a 5,000m RAB drilling campaign in August, testing additional targets along the 17km total resource strike length. Metallurgical testing of CB samples is ongoing. We expect EKM to announce an initial JORC resource for CB in 4Q10. A follow-up 7,000m-14,000m campaign is planned in 2H10, focusing on the depth extensions at CB, adjacent Central Bore East anomaly, and further drilling at Hann where initial results are encouraging. This indicates a strong newsflow in 2H10.

### Golden Sands (WA)

(1,500km<sup>2</sup>, gold) EKM holds largely unexplored exploration tenements north of the AngloGold Ashanti/Independence Group Tropicana gold project (5Moz resource).

### Thatcher Soak (WA)

(500km<sup>2</sup>, uranium) EKM holds Eastern portion of the Thatcher Soak calcrete uranium prospect, (total 20mlb

## Production and financial forecasts

YEAR END:	Mar-10a	Jun-10F	2009a	2010F	2011F
Exploration and evaluation (A\$ million)	0.29	0.50	1.10	1.84	2.20
Corporate (A\$ million)	0.18	0.25	0.71	0.94	1.20
Exploration/(Expl. + Corporate) (%)	61	67	61	66	71
Funding duration at current burn (years)			1.3	0.8	0.9
Shares on issue (pr end) (m shares)	195.8	195.8	170.4	195.8	233.9
Drilling – RAB (m)	1,000	2,500	15,500	8,000	9,500
Drilling – Other/Diamond (m)	1,000	6,000	3,000	14,000	24,000
Land holding ('000 ha)*	450	450	450	450	450
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$ million)	0.32	0.00	2.66	2.67	4.00
Funding from JV partners (A\$ million)	0	0	0	0	0
Cash (A\$ million)	2.9	2.2	2.4	2.2	2.9
Cash backing (Ac/share)	1.5	1.1	1.4	1.1	1.4
Net asset backing (Ac/share)	4.0	3.9	3.5	3.9	5.0

\*Gold prospective tenements, held and under application.  
\*\* FY11 shares assumes nominal A\$4 million equity raised.

resource – Uranex NL (ASX:UNX) 14mlb and EKM 6.2mlb). Based on UNX recent transaction, we think a deal with UNX could value Thatcher Soak at around A\$1.00/lb.

**Investment comment**

The higher-grade Central Bore discovery has been a real revelation for EKM and a potential transformation of the economics of this project. Resource grades could be around 10-12g/t, which brings into focus a possible fast-track, low tonnage, high grade production operation. Putting a deal value of A\$0.75/lb on Thatcher Soak, gives a target range between A\$0.15/share and A\$0.21/share (fully diluted), assuming a 150koz high grade CB inaugural resource. Upper level of this range is more likely as a six month share price target, if grades around 10g/t are confirmed for CB.

**Investment points**

- ▶ EKM's focus is gold and uranium in WA. Exploration budget increasing to ~A\$2 million per annum, directed to gold.
- ▶ Strategic position (~5,000km<sup>2</sup>) in remote underexplored Yamarna greenstone belt in Yilgarn Craton.
- ▶ Yamarna (Attila-Alaric) gold resource 749koz Au near surface – many untested targets along 17km strike.
- ▶ New high grade discovery Central Bore – 800m opened high-grade mineralised zone.
- ▶ We expect initial resource statement for Central Bore October 2010.
- ▶ Central Bore could provide the option of a fast-track high-grade low tonnage operation.
- ▶ Numerous additional Au anomalies to be targeted.
- ▶ As resource statement for Central Bore approaches, our six-month target range is A\$0.15/share – A\$0.21/share.

The high grade Central Bore discovery is only 3.7km east of the existing Attila resource. Numerous other anomalies within 20km of Central Bore remain to be drill tested. New prospects (Tamerlane, Xena, Tobin Hill) are due to be RAB drilling tested in 3Q10.

