

Australia - WA

Gold, Uranium

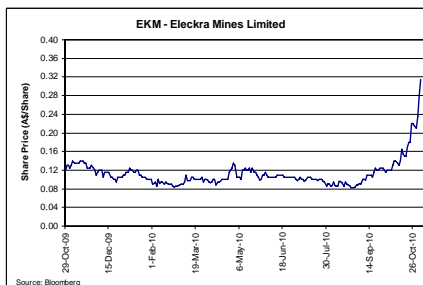
Mid-Advanced Exploration

Exchanges: ASX: EKM

November 2 2010

## Capital Profile

Share price (A\$)	<b>0.315</b>
52 week range (A\$/share)	0.08 to 0.32
Number of shares (m)	224.8
Options and warrants (m)	79.0
Converting notes (m)	0.0
Fully diluted (m)	303.8
Market capitalisation (undiluted) (A\$m)	<b>70.8</b>
Debt (A\$m) - Dec '10F	0.0
Enterprise value (A\$m)	<b>70.8</b>
Major shareholders: Perth Select Seafoods (4.5%), Troyleigh Investments (3.6%), Asarco Exploration (2.2%)	
Avg monthly volume (m)	21.7
Cash (A\$m) - Dec '10F	<b>0.8</b>
Price/Cash (x)	92.8
Price/Book (x)	7.2
ASX-listed company options:	EKMO



## Directors

I Murray (Exec Chair)  
R Davis (Non Exec Dir)  
K Hart (Non Exec Dir)  
M Pyle (Non Exec Dir)

Eleckra Mines Limited  
Tel: +61 (0) 8 9486 4144  
Australia, West Perth, WA  
www.eleckramines.com.au

Contact: Ian Murray (Chairman)

Analyst: Dr Tony Parry  
tonyparry@rcresearch.com.au

# ELECKRA MINES LIMITED

Current price: **A\$0.315**

Eleckra has been saying for some while that the relatively under-explored and remote Yamarna greenstone belt in WA's eastern goldfields has the potential to be the fifth major gold-containing Archean greenstone belt in WA. That's why Eleckra has pegged most of it. The exciting 2009 discovery of the high-grade Central Bore mineralisation, and now further multiple parallel high grade zones in the same area, could mean that Eleckra is right – but quite possibly with dramatically higher grades than was even dreamt of. This points to the potential for continued strong share price appreciation for this small-cap. explorer.

## INVESTMENT POINTS

- EKM's focus is gold in Western Australia. Exploration budget increasing to ~A\$6mpa, 100% directed to gold.
- Strategic position (~4,000km<sup>2</sup>) in remote under-explored Yamarna greenstone belt in Yilgarn Craton.
- Yamarna (Attila-Alaric) gold resource 749koz Au near surface, but only 1.78g/t gold.
- New high grade discovery at Central Bore – possibly >3km long open-ended high grade mineralised zone.
- We expect initial JORC resource statement for initial 800m Central Bore discovery zone in 1Q11 (~150koz @ >10g/t).
- Central Bore could provide the option of a fast track high grade, low tonnage operation. Possible production in 2012?
- Recent drilling (Justinian) points to a cluster of high grade shoots, this zone could be more significant than Central Bore.
- Spectacular Justinian drill hole 10EYRCO116 suggests up to 72m wide mineralised zone – assays awaited.
- EKM looks under-valued on a peer comparison, EV/resource ratio of A\$92/ounce, with rapid resource growth expected.
- Our current valuation is **A\$0.38/share** (fully dil.) which increases to **A\$0.44/share** subject to confirmation of consistent gold grades in the recent Justinian drilling.

## ELECKRA'S STRONG NEWSFLOW

- 4Q10: regular flow of assay results from current RC and diamond drilling of new high grade zones, in particular the Justinian zone.
- 1Q11: Inaugural JORC resource for Central Bore.
- 1Q11: Next round of RC drilling of high grade zones to start.

## Contents

ELECKRA'S VALUE DRIVERS .....	2
BACKGROUND.....	3
ELECKRA'S STRATEGIC EXPLORATION POSITION .....	3
RCR VALUATION OF ELECKRA.....	6
CURRENT RESOURCES .....	8
A PEER GROUP COMPARISON – AZUMAH RESOURCES (ASX:AZM) IN GHANA.....	8
COMPARISON WITH SOME WESTERN AUSTRALIAN EXPLORERS .....	10
EXPLORATION UPDATE.....	11
POTENTIAL FAST-TRACK CENTRAL BORE PRODUCTION? .....	15
ACCELERATION OF EXPLORATION EXPENDITURE .....	17
BOARD AND MANAGEMENT .....	18
CORPORATE SUMMARY AND PROPOSED NAME CHANGE .....	19
DISCLOSURE AND DISCLAIMER .....	20

## Eleckra's Value Drivers

In assessing the outlook for Eleckra's current and future shareholders, we have identified what we believe are likely to be the six key **value drivers** for Eleckra:

1. Confirming an initial high grade JORC resource at Central Bore.
2. Continued intensive exploration to identify and quantify further parallel high grade zones within the immediate area of Central Bore (3x2km area), including the exciting new Justinian zone.
3. With the knowledge gained from the Central Bore trend, addressing additional multiple high grade targets along the ~20km of shallow mineralised strike already identified (Atilla-Alaric zone).
4. Extending the exploration knowledge and understanding of structural controls of high grade zones to the additional ~150km length of the Yamarna greenstone belt, which is relatively under-explored.
5. Moving rapidly to producer status, gaining credibility and generating cashflow to fund additional Yamarna belt exploration programs.
6. Unlocking the value associated with Eleckra's 6.2mlb uranium resource – probably through a sale of this non-core asset.

Note: The author visited the Yamarna Project site with Eleckra Mines Limited company personnel on 12 August 2010.

## Background

**Eleckra's focus has been unchanged since listing in 2006.**

**Initial gold and uranium resources were significant but not seen as 'company makers'.**

**Discovery of high grade mineralisation is changing perceptions.**

EKM listed on the ASX July 2006. Its focus since listing has been on the under-explored Yamarna greenstone belt where it has put together one of the largest and most prospective greenstone tenement holdings in Western Australia.

Eleckra's tenements currently boast a 749koz gold resource, and a 6.2mlb shallow calcrete U<sub>3</sub>O<sub>8</sub> resource. The gold resource was established by previous regional explorer Asarco Australia, while the uranium resource was established by Eleckra. These are tantalising 'starter' resources, modest size, relatively low grade, and not the type of resources likely to set the world on fire. It is fair to say that these initial resources have left the market relatively 'underwhelmed' and unsure as to whether they are the real 'company makers' that Eleckra has been seeking in this strategic regional play.

However, perhaps what is most important is that in the last two years Eleckra has learnt a whole lot more about the mineralisation potential of the Yamarna greenstone belt. In what could be termed as an exploration breakthrough, the company is now starting to uncover high grade gold mineralisation. We consider that the discovery of high grade gold mineralisation in multiple parallel zones at Central Bore does have a good chance of producing the ultimate transformation which most explorers are seeking – rapidly driving Eleckra across the great divide from explorer to profitable gold producer.

And perhaps of most significance to Eleckra and its shareholders, the exploration success in identifying high grade zones is rapidly altering perceptions of the Yamarna greenstone belt. The previous perception of this extensive belt as a region with 'marginal' gold potential is now being transformed into that of a very exciting gold province with 'bonanza' gold grades and excellent emerging potential for highly profitable gold production. With Eleckra controlling most of the belt, this transformation in perceptions augers very well for its shareholders.

## Eleckra's Strategic Exploration Position

### Yamarna Project (WA):

EKM's exploration focus is on its major ~4,000km<sup>2</sup> tenement position along the Yamarna shear zone - a regional scale mineralised trend following the Yamarna shear zone, considered prospective for multi-million ounce discoveries.

**Eleckra has strategic control over a extensive under-explored greenstone belt...**

### The Significance of the Yamarna Greenstone Belt

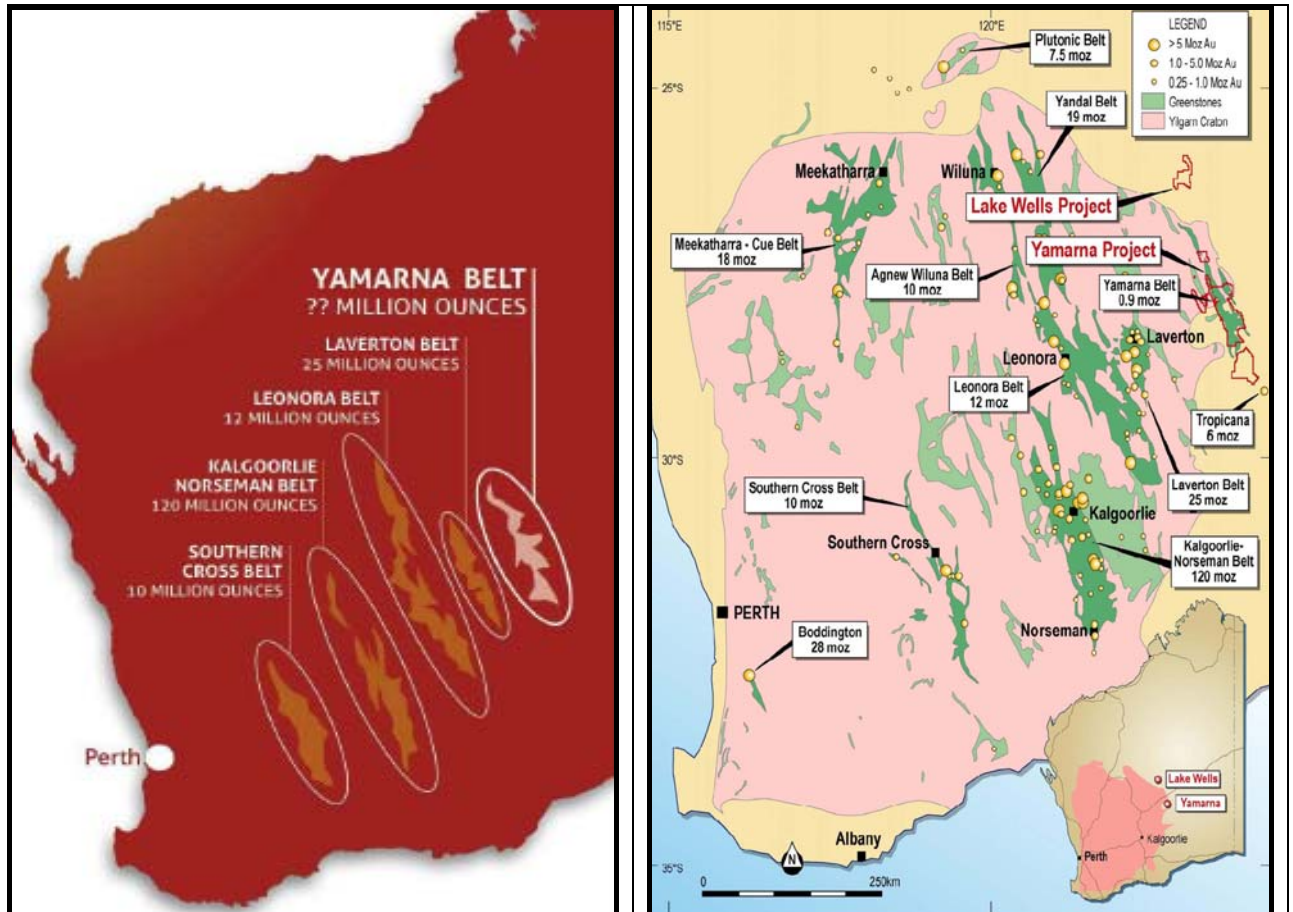
The Yamarna greenstone belt is on the eastern edge of the Archean Yilgarn Craton. The Yilgarn Craton is Australia's richest major gold region, with a gold inventory of over 250 million ounces based on past production and existing reserves. It produces over half of Australia's

...relatively unexplored because it is more remote than the other major greenstone belts.

total gold production. Most of the Yilgarn gold has come from a series of greenstone belts, generally north-south trending.

The Yamarna greenstone belt is relatively un-explored in comparison to the other major greenstone belts in the Eastern Goldfields, mainly due to the relative remoteness of this region, on the edge of the Great Victoria Desert, and extensive soil cover. The tenements are about 150km further inland from the closest regional mining centre – Laverton.

**The Yamarna belt – A fifth multi-million ounce belt in WA?**



The lack of prior exploration focus in this region gave Eleckra the opportunity to tie up most of the Yamarna shear zone.

Eleckra’s thinking is that the relatively unexplored Yamarna greenstone belt is contemporaneous with the Kalgoorlie and Leonora greenstones, which host world scale gold deposits. The Kalgoorlie-Norseman belt has yielded over 120 million ounces and is still a major source of Australia’s gold. Further evidence of the similarity between the Kalgoorlie-Norseman belt and the Yamarna belt has recently emerged with the Geological Survey of WA publishing a paper which suggests that the greenstones of the Yamarna belt are similar in age and character to those of the Kalgoorlie belt. This would come as no surprise to Eleckra.

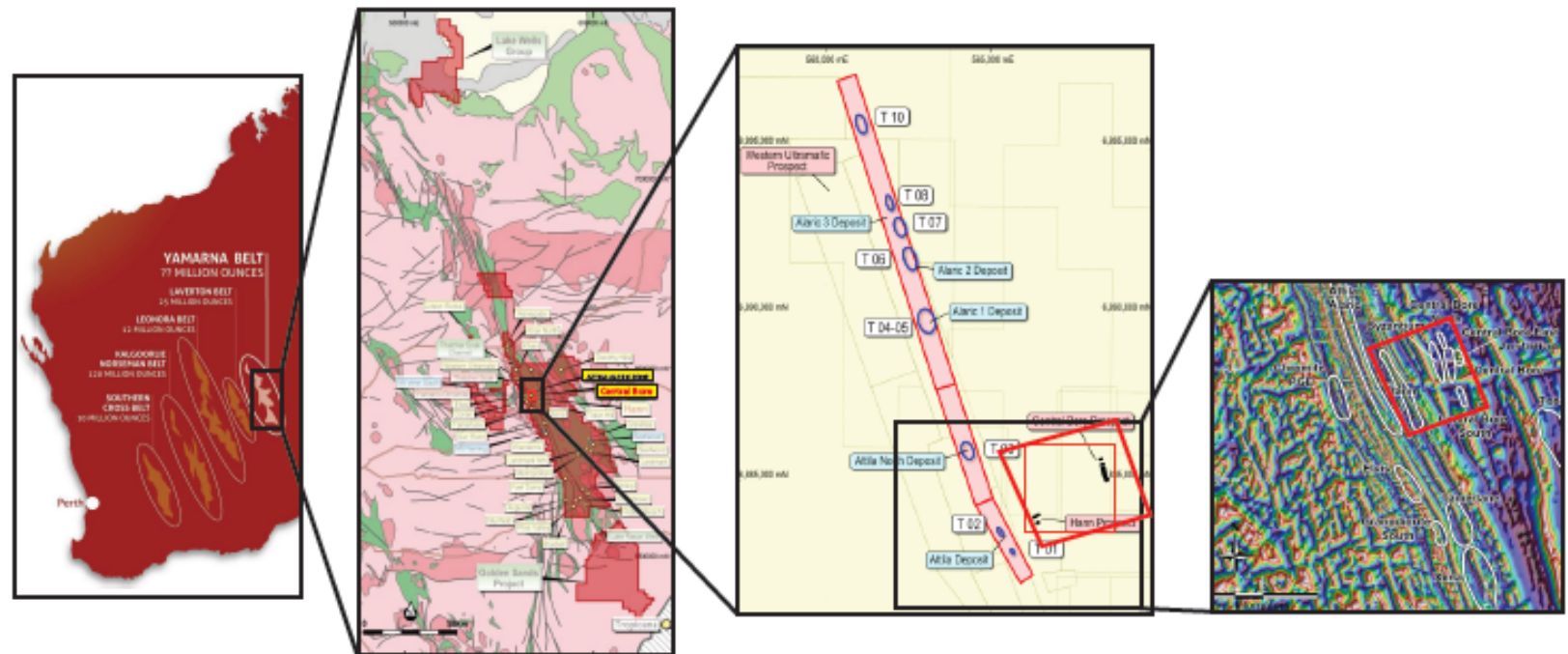
# PUTTING IT INTO PERSPECTIVE

ELECKRA'S RECENT HIGH GRADE DISCOVERIES ARE IN A TINY FRACTION OF THE TOTAL YAMARNA BELT

It should be remembered that Eleckra's recent high grade discoveries occur in a small 6 km<sup>2</sup> segment, out of EKM's total ~4,000 km<sup>2</sup> Yamarna belt tenements.

Eleckra considers that what is currently being found in the Central Bore Trend has a good chance of being repeated along the length of the relatively under-explored Yamarna belt...

...which would suggest enormous share price upside if it proves to be just part of the remainder of the Yamarna belt.



The Yamarna Greenstone Belt

EKM's ~4,000 km<sup>2</sup> of tenements

17 km of strike length of mineralisation already confirmed

Multiple parallel high grade zone discoveries within 2km x 3km (6km<sup>2</sup>) Central Bore Trend

## RCR Valuation of Eleckra

	Equity	Target Gold Resource (moz)	Valuation Range		
			Low A\$m	Target A\$m	High * A\$m
<b>Projects</b>					
+ Yamarna target gold resource (current 0.75moz @ A\$30-A\$40/oz)	100%	0.75	22.5	30.0	30.0
+ Central Bore (target initial 0.15moz high grade resource @ A\$125-A\$175oz)	100%	0.15	18.8	26.3	26.3
+ Justinian, Byzantium, Hann - likely new parallel high grade zones	100%		15.0	21.0	39.4
+ Thatcher Soak uranium resource (6.2mlb @ A\$0.50/lb)	100%		3.1	3.1	3.1
+ Yamarna Regional Exploration (excellent potential for Central Bore structures)	100%		15.0	20.0	20.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		2.0	3.0	3.0
Sub Total			76.4	103.4	121.7
+ Cash (est Dec '10)			0.8	0.8	0.8
- Debt (est. Dec '10)			0.0	0.0	0.0
Sub Total			0.8	0.8	0.8
<b>EKM NET ASSET VALUE</b>			<b>77.1</b>	<b>104.1</b>	<b>122.5</b>
<b>Capital Structure</b>					
Shares (m)			224.8	224.8	224.8
Fully Diluted Shares (m)			0.0	0.0	0.0
<b>EKM NET ASSET VALUE PER SHARE</b>			<b>0.34</b>	<b>0.46</b>	<b>0.54</b>
<b>EKM NET ASSET VALUE DILUTED</b>			<b>0.28</b>	<b>0.38</b>	<b>0.44</b>
See notes for valuation assumptions.					
* High valuation assumes assay confirms gold mineralisation over 72m in recent drillhole 10EYCO116R at Justinian.					

### Discussion of RCR's Eleckra Valuation

Existing 750koz resource is relatively low grade, given the remote location...

...but could be commercialised through a future heap leach operation which would be underpinned by infrastructure development at Central Bore.

The initial high grade Central Bore resource could be ~150koz.

**Existing Yamarna gold resource:** The current resource established by Asarco Australia occurs over a 33 kilometre strike length along the Attila-Alaric corridor. The resource of 749koz at 1.78g/t (1.0g/t cut-off) increases to 917koz at 1.44g/t if a lower 0.5g/t cut-off is applied. Eleckra has conducted metallurgical testwork and pit optimisation studies. The shallower oxide and transitional zones indicated a high amenability to heap leaching with recoveries >90%, while the primary ore did not respond well to heap leaching tests and would probably require CIL processing, which gave excellent indicated recoveries of >95% when ground to 75 microns. Given the grades, location and multiple pits, Eleckra has previously stated that it sees the main potential of this resource as a future heap leach operation. This would probably follow any mining development at Central Bore and 'piggy back' on infrastructure development associated with that project.

Given the stated heap leach potential of this project, we have placed a relatively low valuation on this resource – between A\$30/ounce and A\$40/ounce, based on the higher cut-off grade 749koz total resource. This valuation multiple range represents 2.2% - 3.0% of the current local currency gold price of ~A\$1,350/ounce. **This resource valuation range is considered conservative and could increase significantly with infrastructure and production facilities at Central Bore.**

**Central Bore Discovery:** Eleckra has recently conducted infill RC and diamond drilling and is having an independent party conduct a review of its initial resource estimates for the Central Bore high grade discovery. The release of the first resource statement will follow, expected in 1Q11. Based on our expectation of an initial high grade ~150koz resource at grades approaching 15g/t, and the potential for a 'fast track' underground mining and ore treatment operation at Central Bore, we have placed a valuation multiple of A\$125/ounce to A\$175/ounce on our initial resource target. This valuation takes into account the

With grades expected to be ~15g/t, a low capex 'fast track' operation is a real possibility.

Our initial valuation includes the recently discovered multiple parallel zones adjacent to Central Bore which are also likely to be high grade.

The dramatic recent drill reports from the Justinian zone drilling suggest that this zone could be valued at a significant premium to Central Bore – this would raise our valuation to A\$0.44/share fully diluted.

The 6.2mlb Thatcher Soak uranium resource has been nominally valued at A\$0.50/lb.

The perceived value of Eleckra's Yamarna Greenstone Belt regional exploration potential could increase dramatically with on-going exploration success at Central Bore and the other multiple target anomalies.

potential for Eleckra to rapidly establish an initial small scale, low capex underground mining and processing operation (~100ktpa) at Central Bore. Further significant upside potential exists for this deposit, as it is still open at depth and along strike in both directions.

**Other Parallel High Grade Zones –Justinian, Byzantium, Hann –** These exciting new potential high grade zone discoveries are showing that there are multiple parallel mineralised structures alongside the main Central Bore zone. Justinian, at Central Bore East, is currently being drilled, and indications are that it is a high grade zone with drill intercepts dramatically wider than those of Central Bore. Because they are earlier stage, we have placed a **nominal valuation range on these zones which is 80% of our Central Bore valuation (low and target valuation columns).**

However, this valuation could increase rapidly. If assay results from Justinian confirm significant gold mineralisation in a recent RC drill hole (10EYRCO116) where fine gold was panned over an drill interval of 72m from 35 to 107m, with strong molybdenum shows (a key sulphide gold indicator) over a 6 metre interval from 100m. If this were the case then the Justinian zone alone would be valued at a significant premium to Central Bore. **If we assume a 50% premium to Central Bore for Justinian, this would raise our target valuation to A\$0.44/share fully diluted – shown as our 'High' valuation in the table above.**

**Thatcher Soak Uranium Resource:** Although it contains 6.2mlb of uranium (gross value of ~A\$280m at current spot uranium price of US\$45/lb and A\$/US\$ = 0.99) the strategic value of this resource depends on what neighbour Uranex (ASX:UNX) does with the larger component of the resource (~14mlb of the total ~20mlb resource). Eleckra is likely to eventually sell its stake to UNX. UNX in 2009 purchased a small slice of the deposit it did not own from a third party for an in-ground value of around A\$1.00/lb. Although it is a shallow calcrete deposit the low grades undoubtedly make this resource currently sub-economic, but there is no doubt that in-ground uranium resources hold long term strategic value. This is demonstrated by the February 2009 sale of 35% of the Lake Maitland Project (a higher grade but similar total resource size (~21mlb) shallow calcrete uranium resource for US\$49m or US\$7.65/lb contained U<sub>3</sub>O<sub>8</sub>).

That notwithstanding we see Thatcher Soak (currently) as representing relatively nominal value to Eleckra, and we have used a valuation multiple of ~A\$0.50/lb contained U<sub>3</sub>O<sub>8</sub> which reflects the current relatively subdued market for uranium.

**Yamarna Regional Exploration:** Valuing a ~4,000km<sup>2</sup> strategic position encompassing an entire greenstone belt with little extensive exploration is somewhat challenging. The perception of strategic regional value will be driven by Eleckra's near term exploration success in confirming and possibly extending the Central Bore mineralisation, in the medium term drilling of multiple further target anomalies in the vicinity of Central Bore and the Attila-Alaric Mineralisation, and in the expectation that there is potential for other high grade Central Bore look-alikes along the ~150km regional Yamarna strike length. At this stage we have placed a base case nominal value of A\$15m – A\$20m on Eleckra's Yamarna belt tenement holdings. This perceived value could increase rapidly with further exploration success.

## Current Resources

The existing 749koz resource grading 1.78g/t in the Atilla-Alaric trend increases to 917koz at a reduced grade of 1.44g/t if the cut-off grade is reduced from 1.0g/t to 0.5g/t.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Equity koz
<b>Reserves</b>						0.0	0.0	0.0
<b>Resources</b>								
Yamarna - Atilla-Alaric	Inf., Ind. & Meas.	100%	13.1	1.78	1.00	23.3	749	749
<b>Mineralised Material</b> (est., non compliant with JORC)						0.0	0.0	0.0
		Project Equity	U <sub>3</sub> O <sub>8</sub> Mt	Cut Off %	U <sub>3</sub> O <sub>8</sub> ppm	U <sub>3</sub> O <sub>8</sub> kt	U <sub>3</sub> O <sub>8</sub> mlb	U <sub>3</sub> O <sub>8</sub> Eqty mlb
<b>Uranium Resources</b>								
Thatcher Soak	Inferred	100%	16.1	0.017	100	2.7	6.2	6.2

## A Peer Group Comparison – Azumah Resources (ASX:AZM) in Ghana.

It is quite commonplace in research reports these days to see graphs detailing Enterprise Value:Resource ratios for numerous exploration and development companies. EKM, even after its current share price surge, looks undervalued in these charts with a current EV/resource ratio of A\$92/ounce.

We have compared the resource valuation of Eleckra to that of an Australian exploration company in Ghana (Azumah Resources Limited), with a major greenstone belt land position, at a similar stage of development

And yes, we have one as well, in the following section, detailing a comparison between EKM and some of its like-focused Western Australian exploration peers.

But rather than present this rather over simplistic comparison for EKM and 20 or 30 other companies, we thought we would look a bit more in detail at a comparison between EKM and a company with a similar strategy and on a similar path – in this case in Ghana.

We have selected Azumah Resources limited (ASX:AZM) primarily due to the parallel we see between the dominant position EKM has established in the relatively un-explored Yamarna greenstone belt in WA, and the similar position AZM has established in the Birimian greenstone belt in NW Ghana. Both companies have established their initial resources, and both companies see the potential to be in production within two years. What's more, both companies have hardly 'scratched the surface' of their major tenement holdings, and are accelerating aggressive exploration programs with the aim of rapidly increasing their resource ounces.

With recent drilling suggesting multiple high grade zones in the Central Bore trend and adjacent zones, the main difference between the two stocks could end up being the grades in EKM's Yamarna belt resource. Our guess is that Eleckra will end up with significantly higher resource grades than Azumah.

## An Interesting Peer Group Explorer Comparison

Gold exploration in West Africa is all the rage at the moment – for good reason. Exploration success has been spectacular for companies like Azumah.

It seems like gold in Western Australia has become the poor second cousin, not attracting the 'X factor' appeal at the moment...

...and not helped by mid year mining tax concerns, and some under-performing companies, particularly those focused on remnant mines.

This has lead to a tendency to overlook WA-focused gold plays...

...and opportunities to invest in quality under-valued WA-focused exploration stocks such as EKM.

EKM's current EV/resource ratio is around 67% of that of a comparable Ghana-focused stock – AZM, despite the high grade potential indicated at Yamarna.

	Azumah Resources Ltd (ASX:AZM)	Eleckra Mines Limited (ASX:EKM)
Share price (A\$):	0.73	0.315
Shares on Issue (m)	270.9	224.8
Share Price (1 Nov 2010)	A\$0.735	A\$0.285
Market Cap (A\$m)	199.0	70.8
Debt (A\$m)	0.0	0.0
Enterprise Value (EV) (A\$m)	199.0	70.8
Cash (A\$m) – est. as at report date	38.3	2.0
EV – Cash (A\$m)	160.7	68.8
Current JORC Gold Resources (moz)	1.165	0.749 (expanded resource expected 1Q11)
Resource Grades:	2.0g/t	1.78 (likely to increase substantially with new high grade zones)
<b>(EV-cash)/resource (A\$/ounce)</b>	<b>138</b>	<b>92</b>
Exploration Focus:	Under-explored Birimian greenstone belt, NW Ghana	Under-explored Yamarna greenstone belt, Eastern Goldfields, WA
Land Position	Large strategic landholding 100% of 3,100km <sup>2</sup>	Large strategic landholding 100% of ~4,000km <sup>2</sup>
Status	Less than 10% of greenstone belt explored	EKM has explored only a very small percentage of the Yamarna belt
Drill targets	"Large pipeline of drill-ready targets"	Increasing pipeline of drill ready high grade targets
Programs:	Intensifying exploration drilling in 2011	Intensifying exploration drilling in 2011
Production?	Potential production 2012?	Potential production 2012?
Valuation Comment	RCR considers that AZM is not over-valued – still excellent upside in share price.	Looks significantly under-valued based on exploration momentum and likely high grade resources.

## Comparison With Some Western Australian Explorers

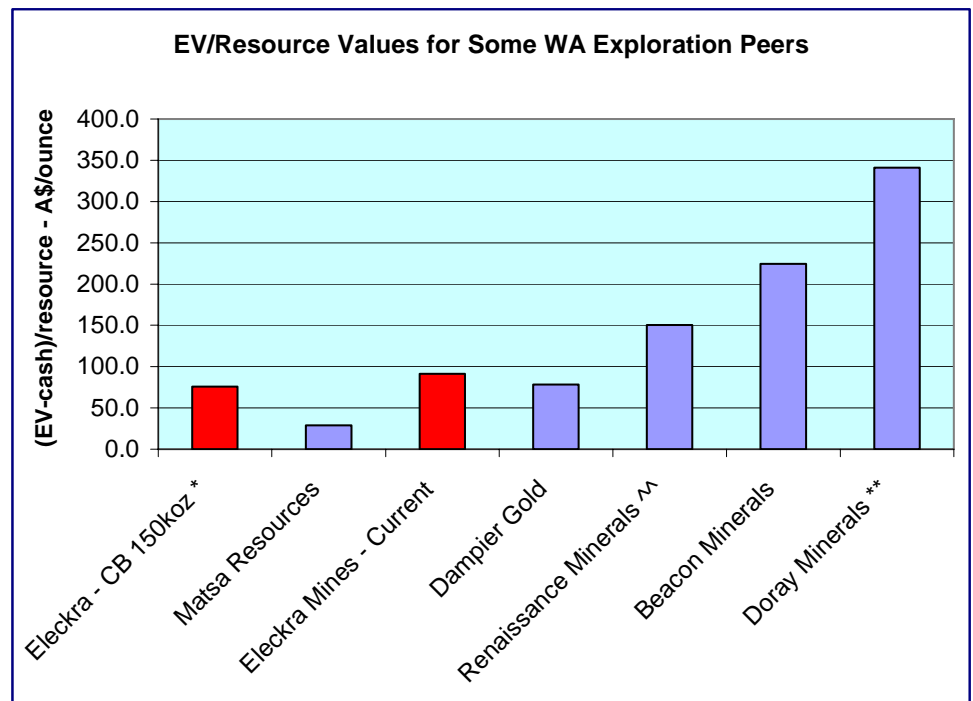
We couldn't avoid one more EV/resource comparison, although we have tried to be targeted rather than broad brush.

We have looked at enterprise value/resource ratios for some of EKM's WA-based exploration peers. Generally, these companies are at a similar stage of development to EKM, have established (or are close to establishing) an initial resource, and have established a major exploration tenement package as a regional focus. We have inputted a likely resource target for two of these companies (Renaissance and Doray) based on the current exploration focus.

**We have also looked at resource valuations for some WA-based early-mid stage explorers who have tied up major tracts of greenstone belts.**

For EKM we have also indicated an implied valuation ("Electra – CB 150koz") assuming an initial 150koz gold resource is established at Central Bore in 1Q11.

**Electra looks undervalued (on an EV/resource comparison) relative to some of its WA exploration peers**



Source: Company Reports, RCR  
Share prices at November 2 2010 (EKM A\$0.315)

\* Electra CB 150koz - assumes a further 150koz of resources from initial Central Bore resource statement

^^ Renaissance - assumes 100koz high grade resource for Radio Hill (currently zero).

\*\* Doray - current resource only 6.6koz - we have assumed a likely 200koz h/grade resource at Andy Well

Here again, we see that despite EKM's strong share price surge over the last two weeks, almost tripling from around A\$0.11/share to the current level of A\$0.315/share, the valuation of Electra still looks modest, particularly given the emerging potential of the Yamarna belt.

## Exploration Update

**Eleckra's approach is based on a systematic progression from aeromag, soil sampling, shallow RAB drilling then RC drilling of targets.**

**Two major RC drilling campaigns (the second, with diamond drilling also, is still underway) have been undertaken in 2010, along with a 17,000m RAB campaign that indicated extended zones and multiple new high grade targets.**

EKM is undertaking systematic exploration in the Yamarna belt based on regional aeromagnetic surveys, broad-scale soil sampling, RAB drilling of target areas generated by soil sampling, followed up by RC (and soon some diamond) drilling of targets confirmed in the RAB drilling programs.

Following extensive soil sampling and RAB drilling, a 3,905m RC drilling campaign in September-November 2009 lead to the breakthrough Central Bore high grade zone discovery.

In 2010 EKM has undertaken two major RC drilling programs (10,911m in April-June and 7,000m RC and diamond campaign currently underway). The first RC campaign was mainly focussed on further delineating the 800m Central Bore high grade discovery zone, with some initial drilling of two other nearby anomalies, Hann and Byzantium. This was followed by a major 17,000m RAB drilling campaign in August 2010 to test the north/south extensions of Central Bore, the Central Bore East anomaly (now called Justinian), the northern extension of the Hann anomaly and the Elvis/Granodiorite South anomaly which are on the western flank of the Attila-Alaric corridor.

The current 7,000m RC/diamond drilling campaign has been focused on in-fill drilling at Central Bore with RC and some diamond core (to support the inaugural resource statement expected in 1Q11) and is now engaged in RC drilling the exciting new high grade Justinian discovery at Central Bore East.

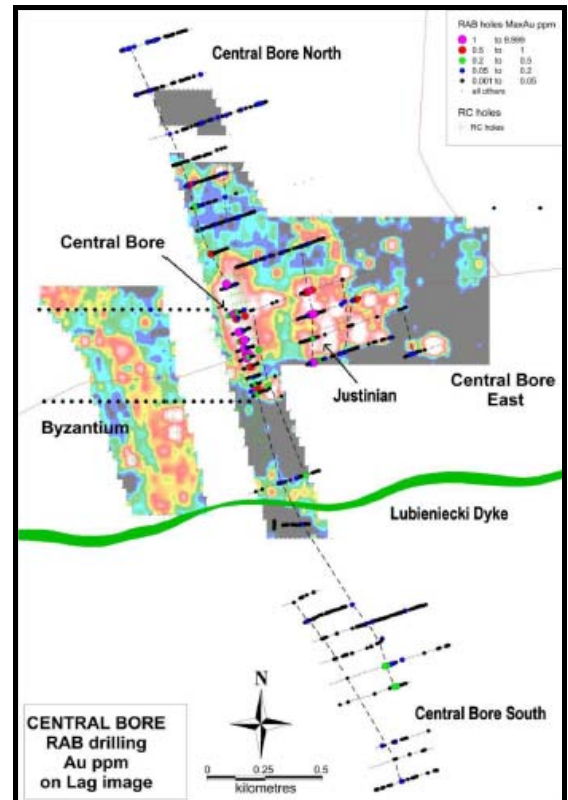
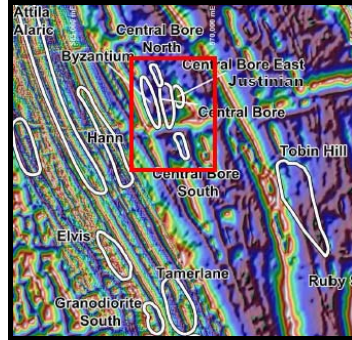
### Central Bore Project Area

EKM's focus has been on multiple high grade targets in an area of around 6km<sup>2</sup>. The high grade zones appear to be associated with cross-cutting structures, as indicated in the aeromag overlay below.

Four parallel zones are currently being targeted – Central Bore, Justinian (200m east of Central Bore), Byzantium (500m west of Central Bore), and Hann (2.4km west of Central Bore).

**Central Bore and the nearby multiple parallel zone targets – including the new Justinian discovery**

Parallel high grade gold zones adjacent to Central Bore are likely.



The Justinian discovery is potentially the most significant discovery in Eleckra’s short history – with indications of gold mineralisation over a massive 72metre drill intercept.

Confirmation of gold assays in the Justinian drill holes could have a major effect on EKM’s valuation.

**The New Justinian Discovery**

The Justinian Trend is a new zone (defined over 500m to date) which was identified in the August RAB drilling campaign, with RAB intercepts of 7m @4.32g/t and 6m @ 1.39g/t. The RC drilling of this zone currently underway is produced some very exciting initial reports from EKM – the first hole exhibited visible fine gold over a 7 metre interval, (from 68-75m). The recently announced drill hole 10EYRCO116 showed visible very fine gold has been panned in the following down hole intervals, 35-40m, 42-45m, 49-52m, 52-58m, 64-71m, 75-78m, 83-84m and 106-107m. This is over a length of 72 metres.

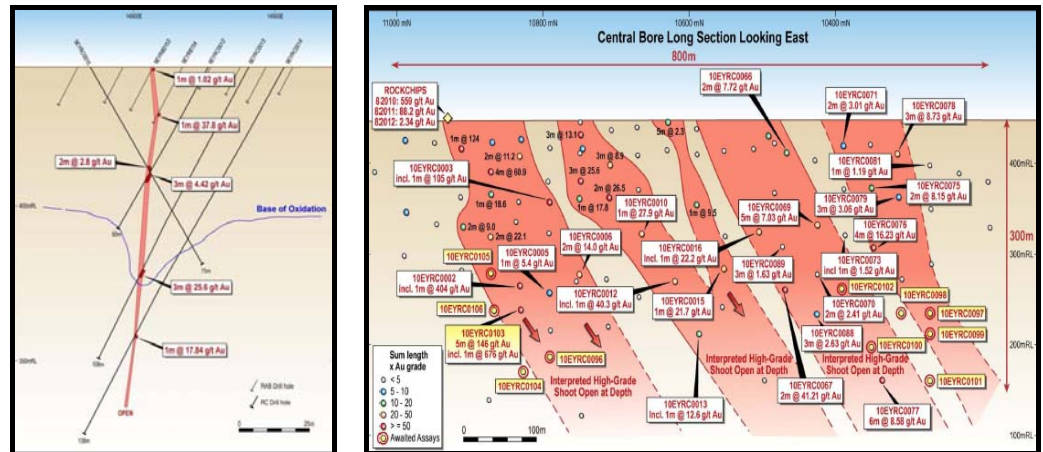
These results (subject to assay) are quite spectacular, and have sparked unprecedented interest in EKM. It looks like Justinian is a high grade Central Bore look-alike, **but with much greater mineralisation width**, which could make it much more significant than the Central Bore discovery. EKM now believes that Central Bore and Justinian are part of a cluster of high grade gold shoots. This is a very significant development for EKM, and confirms the spectacular pace of advancement about the nature and potential of high grade mineralisation along the Yamarna trend.

No assay results are yet available from the Justinian drilling. These will be keenly waited.

**The Main Central Bore Zone**

**The Central Bore high grade discovery**

The 2009 Central Bore discovery was the turning point for EKM – confirming the potential for high grade mineralisation in the Yamarna belt.



The Central Bore discovery has led to a major change in thinking about the potential for high grade gold mineralisation in the Yamarna belt.

Central Bore is a north-south striking steeply dipping narrow carbonate-hosted vein system, with widths typically 1-4meters.

The initial JORC resource, due 1Q11 after recent in-fill drilling, is over the 800m central zone...

The main discovery zone, which is likely to be the basis of the inaugural JORC resource in 1Q11, is 800m long, as shown in the graphic below.

...but the total zone length could be greater than 3km.

However, the recent RAB drilling campaign indicates that the Central Bore zone extends a further 1.1km to the north and 1.2km to the south, and remains open in both directions. This suggests that Central Bore could be over 3km in length.

The recent (October 2010) in-fill RC drilling campaign at Central Bore is required for the JORC resource determination. In particular, EKM is looking to gain further knowledge regarding the orientation of the high grade shoots, and their depth extensions.

That drilling has already produced some spectacular results, with one hole producing an intercept of 1m @ 845g/t gold, within a broader intercept of 5m @ 146g/t gold, from 226m.

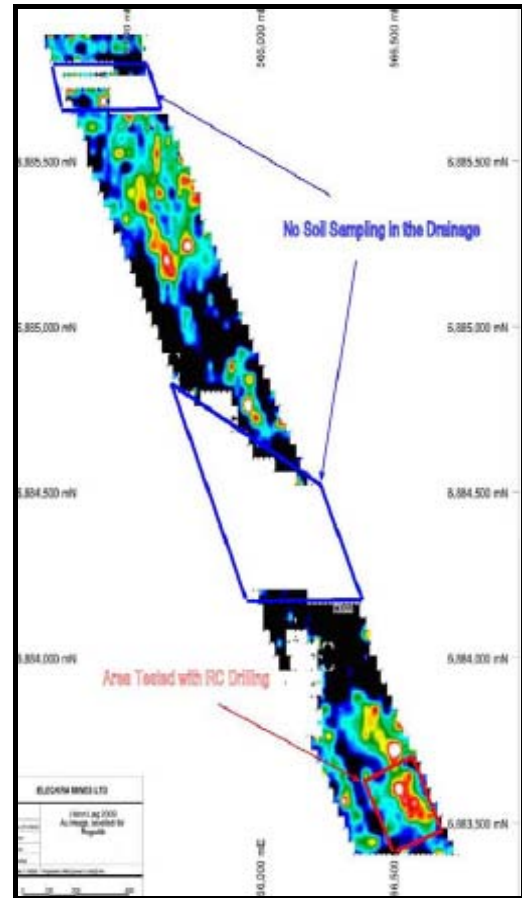
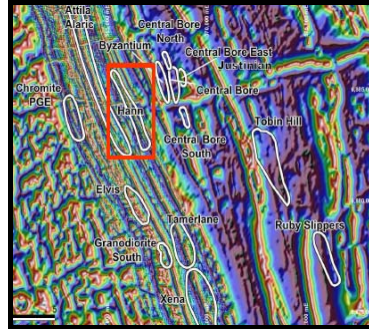
**The Hann Anomaly**

The 2.4km long Hann anomaly awaits serious drilling, having had cursory drilling in 2010, which confirmed gold mineralisation.

The Hann anomaly is 2.4km west of Central Bore. It is 2.8km long containing three parallel gold anomalies, which makes it one of the largest anomalies yet identified. EKM has drilled 39 shallow RC holes in a small area of the southern section, and confirmed that Hann ranks as a new gold discovery, with some reasonable grades in some of the holes, and only 'sniffs' in others. Much more drilling is required along the 2.4km length to better define the potential at Hann – but this may have to wait a while due to the current focus on Central Bore and Justinian.

### The Hann target anomaly

Hann drilling to date has focused on the south-east corner of the 2.8km long anomaly.



EKM is also chasing potential multiple high grade shoots along the 33km long Atilla-Alaric corridor, which contains the existing 0.75moz resource.

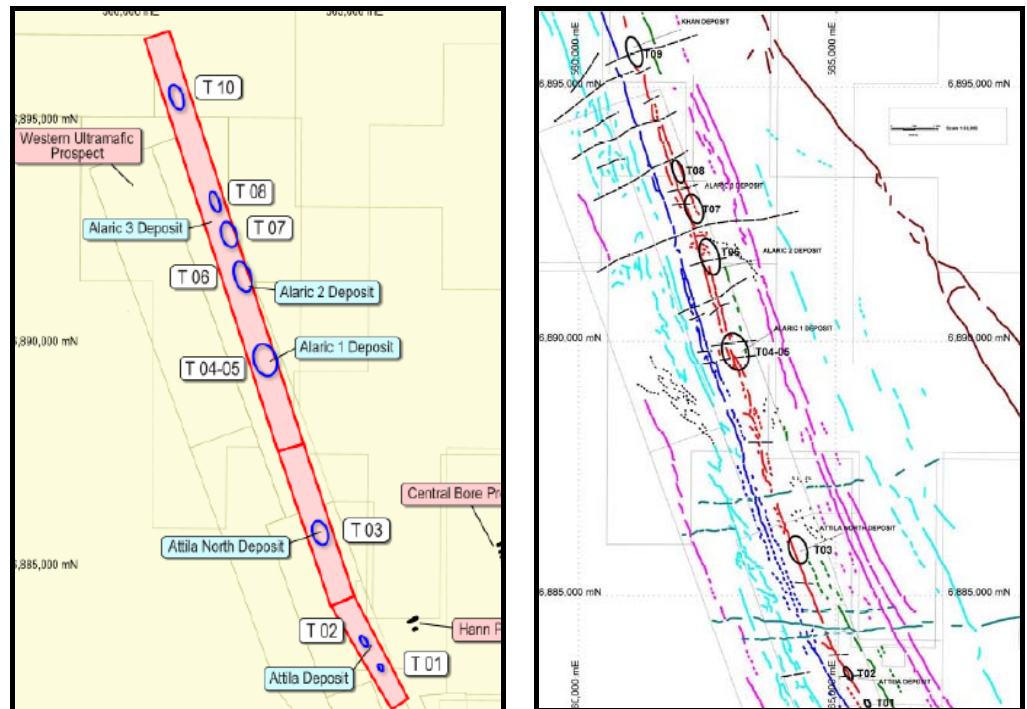
### Atilla-Alaric Corridor

The understanding that the high grade mineralisation such as that at Central Bore is often associated with cross-cutting faults, has led EKM to undertake a structural re-evaluation of the Atilla-Alaric corridor which hosts the existing 749koz resource. The existing resource could be transformed through applying the knowledge gained from the high grade Central Bore trend discoveries further to the south east.

EKM has identified a need for closer-spaced and deeper drilling in the high grade areas targeted. Nine drill targets with previous high grade intercepts have been identified for future drilling. To date, only two targets have been drilled (Alaric 2 and Khan North) with encouraging results – numerous high grade gold values were returned from these programs. There seems to be excellent potential to identify numerous high grade shoots along this 17km long trend.

**Atilla-Alaric zone – resource map (LH graphic) and high grade zone targets associated with cross cutting faults (RH graphic).**

**EKM will apply what it has learnt about high grade mineralisation at Central Bore, to the Atilla-Alaric zone.**



**Still more targets have been identified – including a 6km zone on the western flank of the Atilla-Alaric zone.**

**Other Targets**

As part of the recent RAB campaign, EKM drilled two reconnaissance lines 500m west of the southern extension of the Atilla trend. A 6 kilometre long 200 metre wide Cu/Au anomaly was defined, which EKM believes could contain multiple gold zones. Yet more targets in this small portion of the Yamarna belt!

It seems that everywhere Eleckra looks, more targets are being identified.

**Potential Fast-Track Central Bore Production?**

The inaugural resource statement for the 800m initial discovery zone at Central Bore should be confirmed in 1Q11. We are anticipating the initial resource for this 800m strike length (in a total zone that could be greater than 3km long) to be of the order of 150koz of contained gold at grades possibly in excess of 10g/t.

**EKM has undertaken metallurgical testwork on Central Bore ore samples, which suggest it is non-refractory, and gravity pre-concentration could extract up to 60% of the gold.**

**Metallurgical Testwork**

EKM sees the potential to move to rapid production if such a resource is confirmed. For that reason, EKM has been conducting metallurgical tests on samples of the Central Bore mineralisation. These tests have indicated excellent ore characteristics, giving 96% average recovery from cyanide leaching of fresh rock with a grind to 75 microns.

The testing has also indicated that as much as 60% of the contained gold may be recovered in a gravity separation circuit prior to leaching,

which would significantly reduce the size requirement and capital expenditure for the leaching circuit.

EKM is in discussions with small scale (~100ktpa) plant manufacturers and undertaking high level modelling and cash flow analysis.

### Production Fast Track

Subject to the resource calculation and subsequent reserves conversion, we believe that a 100ktpa plant could possibly be up and running for A\$15m – A\$20m total capital expenditure (including mine development and infrastructure) within 18 months. Modular off-the-shelf gravity and intensive leach gold processing plants can be readily bought with minimal lead times, from companies such as Gekko Systems Limited, in Victoria. Subject to resource grades, gold output from such a plant could be 40-50kozpa.

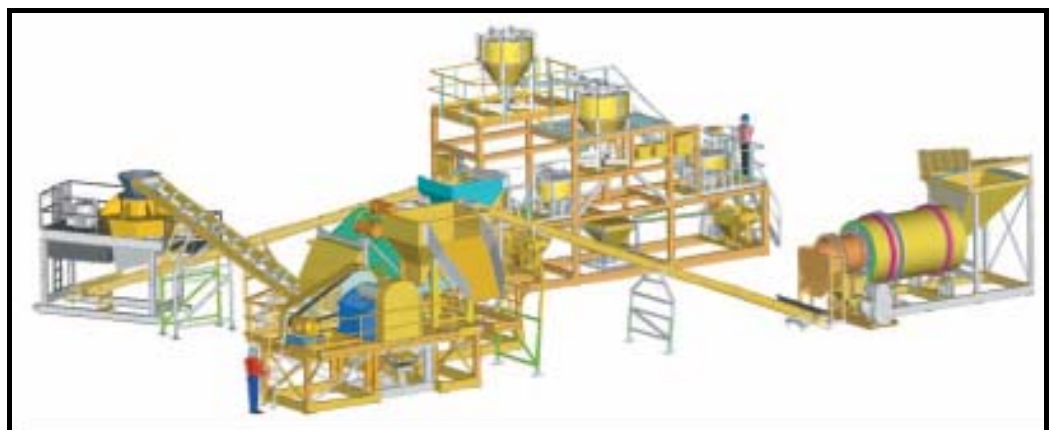
EKM's thinking about commercialisation of Central Bore has been focused on a small initial open pit, progressing to an underground mining operation (probably long hole open-stopping) to mine the steeply dipping narrow vein system.

However, with the Justinian discovery suggesting a possible cluster of high grade shoots in the Central Bore trend, the possibility of a much more significant and potentially deeper initial open pit starts to come into play, which could further enhance project economics.

It is too early to make any significant financial projections regarding a production operation at Central Bore. However, what we can say is that if the grades are in the region of 15g/t, cash operating costs for even a small 100ktpa mining and processing operation are likely to be quite low.

Our conceptual modelling shows that for a range of total cash operating costs of A\$180/tonne of ore to A\$250/tonne of ore (a reasonable range for a small scale underground mining operation), the cash operating cost per ounce of gold produced would be in the range A\$300/ounce to A\$500/ounce respectively, if grades are up around 15g/t.

### Graphic of a typical ~100ktpa of-the-shelf gravity/cyanide leach production plant



Source: Gekko Systems Limited

**A 100ktpa modular treatment plant could provide a fast track to production at Central Bore within 18 months?**

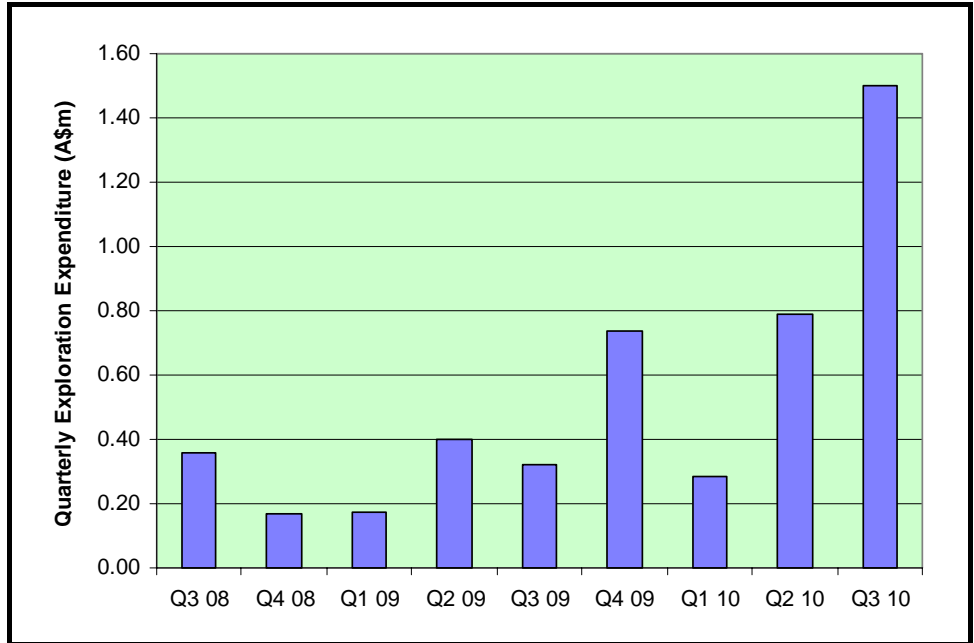
**With grades above 10g/t, a 100ktpa plant could produce 40-50kozpa at cash operating costs below A\$500/ounce.**

**Will we see one of these plants at Central Bore in 2012?**

## Acceleration of Exploration Expenditure

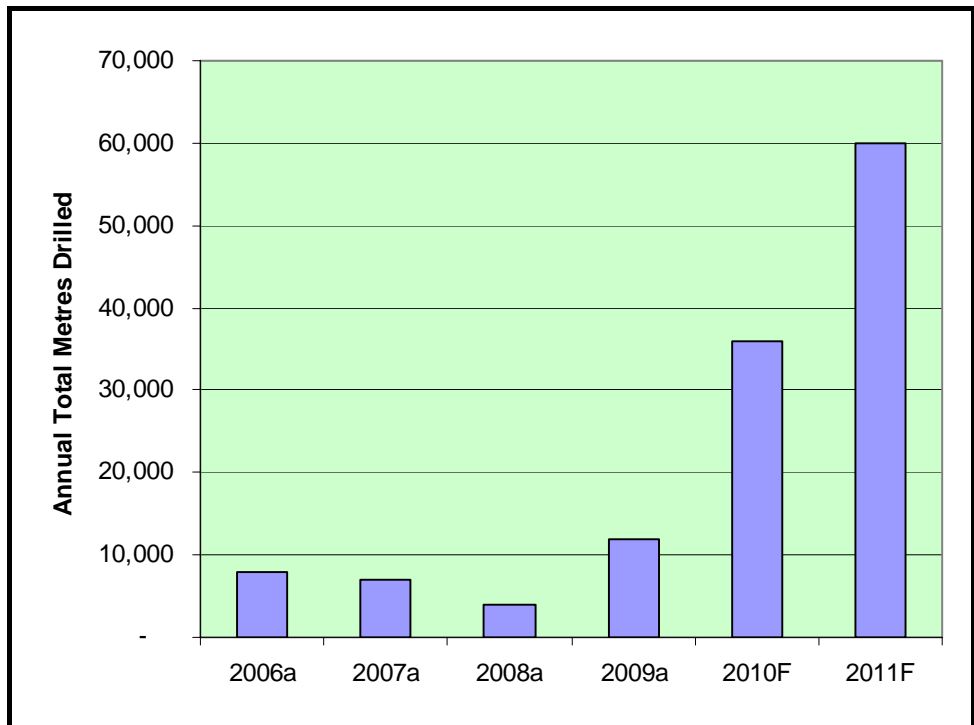
EKM's quarterly exploration expenditure

After virtually grinding to a halt during the GFC, exploration expenditure is now accelerating rapidly.



Annual (calendar year) drilling metres (RAB and RC)

EKM is planning to almost double total drilling to 60,000m in calendar 2011.



## Board and Management

EKM's board structure is fairly common for mid-advanced stage exploration companies, with a fairly 'hands-on' executive chairman providing leadership and the key executive management role, working with three non-executive directors, ensuring that the majority of the board are independent.

**Ian Murray – Executive Chairman** – Ian is a chartered accountant who has been on the board of Eleckra since October 2007. He has been Executive Chairman of Eleckra since February 2008.

**Executive Chairman  
Ian Murray has  
provided focused  
exploration  
leadership.**

He has over 15 years experience in the publicly listed resource sector. Prior to joining Eleckra, he was with DRDGOLD Limited in South Africa, as Chief Financial officer and Chief Executive Officer. During that time, DRDGOLD grew substantially from a small scale producer to a 1mozpa gold producer.

Ian successfully guided Eleckra through the GFC with curtailed exploration programs and careful husbanding of capital, and has subsequently overseen a significant increase in exploration expenditure supported by capital raisings, with a singular focus on the Yamarna belt.

**Russell Davis – Non-executive Director** – Russell joined the board in May 2004 as a founding director. He was Executive Exploration Director until January 2008. He is a geologist with over 25 years experience in mineral exploration and development. Prior to joining Eleckra, he was working with Asarco, and was instrumental in acquiring the leases and JORC resources in the Atilla-Alaric trend.

**EKM has an  
experienced board  
with good balance.**

**Kevin Hart – Non-Executive Director, Company Secretary** – Kevin is a chartered accountant with over 20 years experience in accounting and the management and administration of public listed entities in mining and exploration. He joined the Eleckra board in May 2007. He is a partner in Endeavour Corporate.

**Martin Pyle – Non-Executive Director** – Martin is a recent appointee to the board, having joined in June 2010. He is a geologist with 23 years experience in the resources industry in Australia. He brings to the Eleckra board specialised corporate advisory capabilities as well as geological expertise, having had extensive experience as a corporate finance executive and corporate advisor in recent years, involved in equity raisings, mergers and acquisitions and research.

Martin is Chairman of Syndicated Metals Limited and Midwinter Resources Limited, and Managing Director of Aurora Minerals Limited.

**General Manager  
Ziggy Lubieniecki, an  
exploration  
geologist, has been  
the architect of  
EKM's successful  
exploration,  
identifying  
previously  
unrecognised high  
grade mineralisation.**

**Ziggy Lubieniecki – General Manager** – Ziggy is responsible, as General Manager, for the design and management of Eleckra's exploration programs in the Yamarna belt. He is a geologist with over 20 years experience in exploration and mining in Australia. He joined Eleckra in July 2007 and has been very much hands-on, spending much of his time directly planning and overseeing exploration at EKM's Yamarna field camp.

Prior to joining Eleckra he was a consulting geologist to Goldcrest Mines limited (Youanmi project), consulting geologist to Apex Minerals NL (Windimurra PGM's project) and consulting geologist to Australian Platinum Mines NL. The early part of his career was spent with Chevron

and Mt Burgess Gold Mining Company NL, and at Darlot Gold Mines as Chief Mine Geologist for Plutonic Resources.

**EKM is planning to add two field geologists to its team.**

Team Additions: We understand that Eleckra is planning to contract two additional field geologists to oversee the drilling programs and exploration work at Yamarna. This is necessary as the company gears up for a near doubling of its drilling metres in calendar 2011 to 60,000m (compared to 35,000m in 2010), and will ensure that Ziggy Lubieniecki can provide appropriate input into exploration program planning and results analysis and interpretation.

## Corporate Summary and Proposed Name Change

### Capital Raisings

Eleckra completed a placement in August 2010, issuing 29 million new shares at an issue price of A\$0.085/share, to raise gross proceeds of A\$2.46m.

**EKM has undertaken a series of capital raisings to fund exploration...**

Prior to that, a placement in 4Q09 of 22,43m new shares at an issue price of A\$0.105/share raised A\$2.35m before costs, and a placement and non-renounceable entitlement issue in 2Q09, at an issue price of A\$0.025/share, raised A\$2.7m before costs.

**...and we can expect another one soon.**

Cash as at the end of the September quarter 2010 was A\$2.5m. With the increased pace of exploration (forecast expenditure of A\$1.5m in 4Q10) we would expect that a further capital raising will be required before the end of 1Q11. Given the recent exploration results and share price performance, a future capital raising (subject to pricing) is likely to be well supported.

**June 2011 option exercise will bring in A\$4m.**

Eleckra has 57.16m listed options, exercisable at A\$0.07/share by 30 June 2011. The exercise of these options is likely to provide the company with a further A\$4m cash injection in 2Q11.

**Eleckra will soon become Gold Road Resources Limited.**

### Proposed Name Change

The company is proposing to change its name to Gold Road Resources Limited, subject to a vote of shareholders at the upcoming 2010 AGM (to be held on 29 November 2010).

## Disclosure and Disclaimer

### Disclosure and Disclaimer

#### Important Information

Resource Capital Research Pty Limited (referred to as “we”, “our”, or “RCR” herein) ACN 111 622 489 holds an Australian Financial Services Licence (AFS Licence number 325340). General advice is provided by RCR’s Authorised Representatives Dr Tony Parry (Authorised Representative number 328842) and Dr Trent Allen (Authorised Representative number 331960). The FSG is available at [www.rcresearch.com.au](http://www.rcresearch.com.au). All references to currency are in Australian dollars unless otherwise noted.

**This report and its contents are intended to be used or viewed only by persons resident and located in the United States and Australia and therein only where RCR’s services and products may lawfully be offered.** The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject RCR or its affiliates to any registration requirement within such jurisdiction or country.

**This report and its contents are not intended to constitute a solicitation for the purchase of securities or an offer of securities.** The information provided in this report has been prepared without taking account of your particular objectives, financial situation or needs. You should, before acting on the information provided in this report, consider the appropriateness of the purchase or sale of the securities of the companies that are the subject of this report having regard to these matters and, if appropriate, seek professional financial, investment and taxation advice. RCR does not guarantee the performance of any investment discussed or recommended in this report. Any information in this report relating to the distribution history or performance history of the securities of the companies that are the subject of this report, should not be taken as an indication of the future value or performance of the relevant securities.

**In preparing this report, RCR analysts have relied upon certain information provided by management of the companies that are the subject of this report or otherwise made publicly available by such companies. The information presented and opinions expressed herein are given as of the date hereof and are subject to change. We hereby disclaim any obligation to advise you of any change after the date hereof in any matter set forth in this report.** THE INFORMATION PRESENTED, WHILE OBTAINED FROM SOURCES WE BELIEVE RELIABLE, IS CHECKED BUT NOT GUARANTEED AGAINST ERRORS OR OMISSIONS AND WE MAKE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AND DISCLAIM AND NEGATE ALL OTHER WARRANTIES OR LIABILITY CONCERNING THE ACCURACY, COMPLETENESS OR RELIABILITY OF, OR ANY FAILURE TO UPDATE, ANY CONTENT OR INFORMATION HEREIN.

**This report and the information filed on which it is based may include estimates and projections which constitute forward looking statements that express an expectation or belief as to future events, results or returns. No guarantee of future events, results or returns is given or implied by RCR.** Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable at the time of publication, however, such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from the estimates and projections provided to RCR or contained within this report.

This report may, from time to time, contain information or material obtained from outside sources with the permission of the original author or links to web sites or references to products, services or publications other than those of RCR. The use or inclusion of such information, material, links or references does not imply our endorsement or approval thereof, nor do we warrant, in any manner, the accuracy or completeness of any information presented therein.

RCR, its affiliates and their respective officers, directors and employees may hold positions in the securities of the companies featured in this report and may purchase and/or sell them from time to time and RCR and its affiliates may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, entities mentioned in this report. Eleckra Mines Limited commissioned RCR to compile this company review. In consideration, RCR received from the company a cash consultancy fee of less than \$50,000. RCR may receive referral fees from issuing companies or their advisors in respect of investors that RCR refers to companies looking to raise capital. Those fees vary, but are generally between 0 - 1% of the value of capital raised from referrals made by RCR. RCR received referral fees in relation to recent capital raisings for Globe Uranium Limited, PepinNini Minerals Limited, Uranex NL, Adamus Resources Limited and Toro Energy Limited. At the date of this report, neither RCR, nor any of its associates, hold any interests or entitlements in shares mentioned in this report with the exception that either or both of John Wilson (either directly or through Resource Capital Investments Pty Limited (RCI)) and associates, or RCI, as trustee of the Resource Capital Investments Fund owns shares in Eleckra Mines Limited.

**Analyst Certification:** All observations, conclusions and opinions expressed in this report reflect the personal views of RCR analysts and no part of the analyst’s or RCR’s compensation was, is, or will be, directly or indirectly related to specific recommendations or views expressed in the report. Officers, directors, consultants, employees and independent contractors of RCR are prohibited from trading in the securities of U.S. companies that are, or are expected to be, the subject of research reports or other investment advice transmitted to RCR clients for a blackout window of 14 days extending before and after the date such report is transmitted to clients or released to the market.

**Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources:** RCR publishes mineral resources based on standards recognized and required under securities legislation where listed mining and exploration companies make their exchange filings and uses the terms “measured”, “indicated” and “inferred” mineral resources. U.S. investors are advised that while such terms are recognized and required under foreign securities legislation, the SEC allows disclosure only of mineral deposits that can be economically and legally extracted. United States investors are cautioned not to assume that all or any part of measured, indicated or inferred resources can be converted into reserves or economically or legally mined. We recommend that US investors consult Securities and Exchange Commission Industry Guide 7 – “Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations” for further information about the use of defined terms and the presentation of information included in this report.

Resource Capital Research  
ACN 111 622 489  
[www.rcresearch.com.au](http://www.rcresearch.com.au)

Suite 1306  
183 Kent Street  
Sydney, NSW 2000

Tel: +612 9252 9405  
Fax: +612 9251 2859  
Email: [johnwilson@rcresearch.com.au](mailto:johnwilson@rcresearch.com.au)