

EKM.AU

Eleckra Mines Limited

A\$ 0.11

30 June 2010
Gold, Uranium
Australia (WA)
Advanced Exploration
Exchanges: ASX: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.

Capital Profile

Share price (A\$)	0.11
52 week range (A\$/share)	0.03 to 0.21
Number of shares (m)	195.8
Options and warrants (m)	76.3
Convertible notes (m)	0.0
Fully diluted (m)	272.1
Market capitalisation (undiluted) (A\$m)	20.6
Debt (A\$m) - Jun 10F	0.0
Enterprise value (A\$m)	20.6
Major shareholders: Directors (7.3%), Perth Select Seafood (5.1%), Geiger Counter Fund (4.0%), Asarco Expl. Co. Inc. (2.6%)	
Avg monthly volume (m)	15
Cash (A\$m) - Jun 10F	2.2
Price/Cash (x)	9.5
Price/Book (x)	2.7
Company options:	EKMO

Production and Financial Forecasts

YEAR END:	Mar-10a	Jun-10F	2009a	2010F	2011F
Exploration and evaluation (A\$m)	0.29	0.50	1.10	1.84	2.20
Corporate (A\$m)	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\$m)	0.32	0.00	2.66	2.67	4.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	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\$4m equity raised.

Investment Points

EKM's focus is gold and uranium in WA. Exploration budget increasing to ~A\$2mpa, directed to gold.

Strategic position (~5,000km²) in remote under-explored Yamarna greenstone belt in Yilgarn Craton.

Yamarna (Attila-Alaric) gold resource 749koz Au near surface - many untested targets along 17km strike.

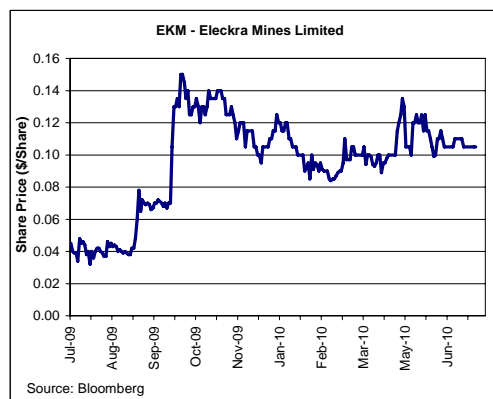
New high grade discovery Central Bore - 800m opened high grade mineralised zone.

We expect initial resource statement for Central Bore Oct '10.

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.



Company Comment

Overview: EKM listed on the ASX July '06. Its focus is the under-explored Yamarna Greenstone Belt where it has established a 749koz gold resource, and a 6.2mlb shallow calcrite U₃O₈ resource.

Yamarna Project (WA): (3,000km², gold) EKM's exploration focus is on the Yamarna shear zone - a regional scale mineralised trend considered prospective for multi-million ounce discoveries. EKM's 749koz (1.78g/t) resource occurs in the **Attila-Alaric zone** along a 17km strike length.

At **Yamarna Deeps**: 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 on-going. 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 newsworthy in 2H10.

Golden Sands (WA): (1,500km², gold) EKM holds largely unexplored exploration tenements north of the AngloGold Ashanti/Independence Group **Tropicana** gold project (5moz resource).

Thatcher Soak (WA): (500km², uranium) EKM holds Eastern portion of the Thatcher Soak calcrite uranium prospect, (total 20mlb 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.

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 Eq koz
Reserves						0.0	0.0	0.0
Resources								
Yamarna - Attila-Alaric	Inf., Ind. & Meas.	100%	13.1	1.78	1.00	23.3	749	749
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0
Uranium Resources								
Thatcher Soak	Inferred	100%	16.1	0.017	100	2.7	6.2	6.2

Contacts

Mr Ian Murray
(Executive Chairman)
Tel: 61 (0) 8 9486 4144
West Perth, WA, Australia
www.eleckramines.com.au

Directors

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

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

Key Projects

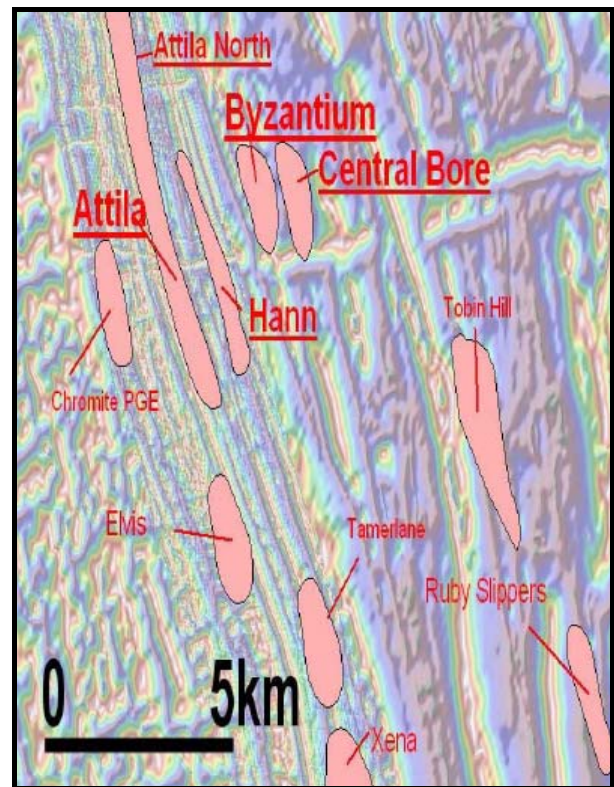
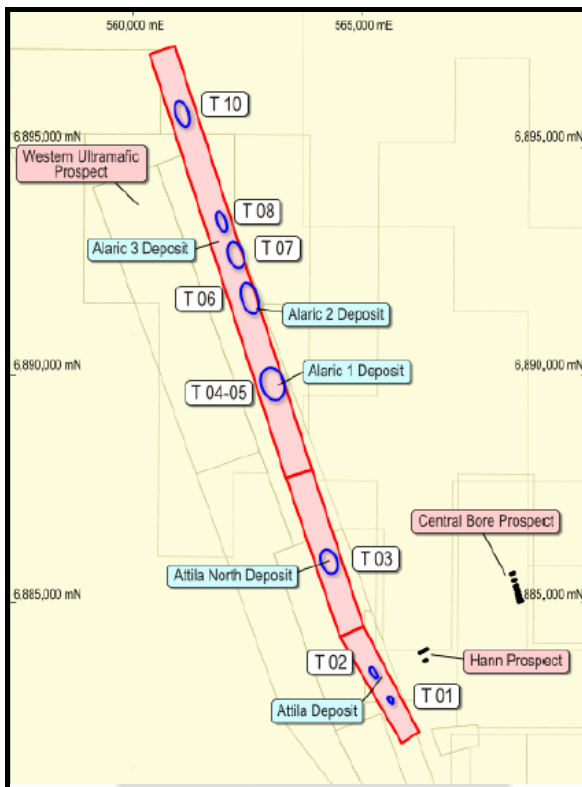
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Attila	100%	Au	none	ox/sulp	heap leach	Adv. Expl.	Aus (WA)
Yamarna - Gold regional	100%	Au	none	ox/sulp	na	Mid Expl.	Aus (WA)
Golden Sands	100%	Au,U	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher Soak	100%	U	none	Calcrite	Alk. Leach	Adv. Expl.	Aus (WA)
Lake Rason + Lake Wells	100%	U	none	Calcrite	na	Early Expl.	Aus (WA)

With Central Bore shaping up as a potential high grade resource, this could provide EKM with the option of a high grade, low tonnage, fast-track operation. This underpins a valuation premium for our Central Bore target resource relative to the current 0.75moz Attila-Alaric resource.

ELECKRA MINES LIMITED VALUATION

	Target Gold Resource		Valuation Range	
	Equity	(moz)	Low A\$m	High A\$m
Projects				
+ Yamarna target gold resource (current 0.75moz @ A\$10-A\$20/oz)	100%	0.75	7.5	15.0
+ Central Bore (potential 0.15moz high grade resource @ A\$75-A\$125oz)	100%	0.15	11.3	18.8
+ Thatcher Soak uranium resource (6.2mlb @ A\$0.75/lb)	100%		4.7	4.7
+ Yamarna Regional Exploration (17km strike length, numerous potential targets)	100%		4.0	6.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		<u>2.0</u>	<u>3.0</u>
Sub Total			29.4	47.4
+ Cash (est Jun '10)			2.2	2.2
- Debt (est. Dec '09)			<u>0.0</u>	<u>0.0</u>
Sub Total			2.2	2.2
EKM NET ASSET VALUE			31.6	49.6
Capital Structure				
Shares (m)			195.8	195.8
Fully Diluted Shares (m)			272.1	272.1
EKM NET ASSET VALUE PER SHARE	:A\$/share		0.16	0.25
EKM NET ASSET VALUE DILUTED	:A\$/share fully diluted		0.15	0.21

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.



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. 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 \$15,000. 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 Ampella Mining Limited, Castle Minerals Limited, Chalice Gold Mines Limited, Gryphon Mines Limited, BHP and Rio Tinto.

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.