

EKM.AU

Eleckra Mines Limited

A\$ 0.12

14 December 2009
 Gold, Uranium
 Australia (WA)
 Advanced Exploration
 Exchanges: ASX:EKM

EKM's exploration in the Yamarna belt (WA), current 749koz 1.78g/t Au resource, has produced high grade discoveries that suggest ~1moz is possible by mid 2010, with much improved grades. With the 6.2mlb Thatcher Soak uranium resource, shares look undervalued.

Capital Profile

Share price (A\$)	0.12
52 week range (A\$/share)	0.01 to 0.21
Number of shares (m)	192.8
Options and warrants (m)	76.0
Convertible notes (m)	0.0
Fully diluted (m)	268.8
Market capitalisation (undiluted) (A\$m)	22.2
Debt (A\$m) - Sep 09F	0.0
Enterprise value (A\$m)	22.2
Major shareholders: Directors (8.4%), Perth Select Seafood (5.9%), Geiger Counter Fund (4.6%), Asarco Expl. Co. Inc. (2.9%)	
Avg monthly volume (m)	16
Cash (A\$m) - Sep 09F	3.3
Price/Cash (x)	6.8
Price/Book (x)	2.9
Company options:	EKMO

Production and Financial Forecasts

YEAR END: June	Sep-09a	Dec-09F	2009a	2010F	2011F
Exploration and evaluation (A\$m)	0.32	0.45	1.10	1.72	2.30
Corporate (A\$m)	0.29	0.25	0.71	1.04	1.20
Exploration/(Expl.+ Corporate) (%)	53	64	61	62	72
Funding duration at current burn (years)			1.3	0.7	0.7
Shares on issue (pr end) (m shares) **	170.4	192.8	170.4	192.8	230.9
Drilling - RAB (m)	3,000	1,500	15,500	10,500	12,000
Drilling - Other/Diamond (m)	5,000	2,000	3,000	14,000	15,000
Land holding ('000 ha) *	450	450	450	450	450
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.00	2.36	2.66	2.36	4.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	1.8	3.3	2.4	1.9	2.5
Cash backing (A\$/share)	1.0	1.7	1.4	1.0	1.2
Net asset backing (A\$/share)	3.4	4.0	3.5	3.8	4.9

*Gold and uranium 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, mostly 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.

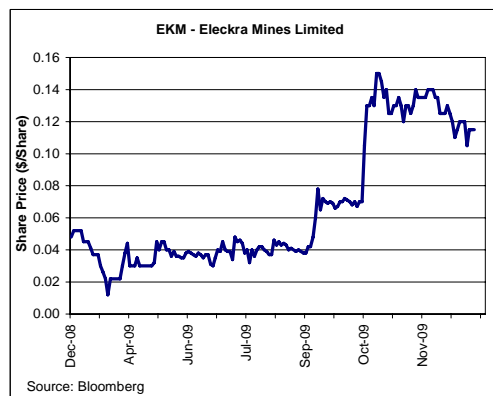
New high grade discovery Central Bore - 520m new opened high grade mineralised zone.

Additional larger Byzantium anomalous zone 500m from Central Bore recently discovered, drilling 1H10.

Recent placement at A\$0.105 raised A\$2.36m - aggressive 2010 exploration program is now funded.

Upgraded resource statement expected 1Q10 and further drilling of targets 1H10.

As resource approaches 1moz and grades improve, our six month target range is A\$0.17/share - A\$0.23/share.



Company Comment

Overview: EKM listed on the ASX July '06. The company's focus is the Yamarna Greenstone Belt where it has established the 749koz (1.78g/t) Attila gold deposit, and a 6.2mlb shallow calcrete U₃O₈ resource. **Yamarna Project (WA):** (3,000km², gold) EKM has defined an initial gold resource along the Yamarna shear zone - a regional scale mineralised trend considered prospective for multi-million ounce discoveries. EKM's 749koz (1.78g/t) resource defined to date occurs in the **Attila-Alaric zone** along a 17km strike length. The deposit is open at depth and along strike. EKM is targeting resources of 1moz - 1.5moz Au before commencing a PFS. Recent 7,000m RC campaign 3Q09 focused on two areas, with significant success: **1. Yamarna Deeps:** Much of the 17km Attila-Alaric mineralised zone is only wide-spaced drilled to 100m. EKM has identified 10 target areas with potential high grade shoots (>10g/t). The first target - **Alaric 2** - was subject of a 2,132m 15 hole program in 3Q09, and produced good intercepts including 10m @ 8.87g/t from 52m, and 2m @ 10.92g/t from 102m. Second target Khan North also produced good intercepts. **2. Central Bore ("CB"):** (3.7km E of Attila) - A new high grade quartz vein discovery parallel to Attila-Alaric, strike length of 520m, open along strike and at depth. The RC drilling program (3,900m, 39 holes) has now confirmed that CB is a likely source of high grade ore from this new high grade vein system. Recently a geochem survey has resulted in the discovery of a larger 1km long gold anomaly - **Byzantium Prospect** - only 500m from CB. This is a stronger anomalous zone than the original CB zone, and is high priority for RC drilling in 1Q10.

Next Steps: EKM should announce an increased resource including the two new zones (Alaric 2 and CB) in 1Q10. Priority for 1Q10 is drilling **Byzantium** anomaly near CB (total 7,000m RC campaign) plus other potential parallel high grade vein systems. Subject to resource size, PFS to start mid CY10. PFS likely to focus on open pit and underground mining, heap leach of oxide ore, trucking of primary ore.

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 calcrete uranium prospect, (total 20mlb global resource - Uranex NL (ASX:UNX) 14mlb and EKM 6.2mlb). Best opportunity for EKM to unlock U value would be to sell to UNX. Based on UNX recent transaction, we think a deal with UNX could value Thatcher Soak at around ~A\$1.00/lb.

Investment Comment: EKM has been very successful in its drilling programs recently and this is starting to show that the Yamarna belt can produce more than a 750koz fairly marginal low grade resource. We believe that EKM's aggressive drilling in the next 6 months (now well-funded after A\$2.36m placement at 10.5cps) should push the resource size towards 1moz, at a grade well above the 1.7g/t current resource grade. This will dramatically increase the perceived value and economic viability of EKM's ground. A 1moz target, and putting a deal value of A\$1.00/lb on Thatcher Soak, plus A\$3m for other exploration ground, gives a target range between **A\$0.17/share** (A\$20/oz valuation) and **A\$0.23/share** (A\$30/oz valuation). Upper level of this range is more likely as a six month target.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project	Ore	Au	Cut Off	Au	Au	Au Eq
		Equity	Mt	g/t	g/t	t	koz	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
		Project		U ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈	U ₃ O ₈
Uranium Resources		Equity	Mt	%	ppm	kt	mlb	Eqty mlb
Thatcher Soak	Inferred	100%	16.1	0.017	100	2.7	6.2	6.2

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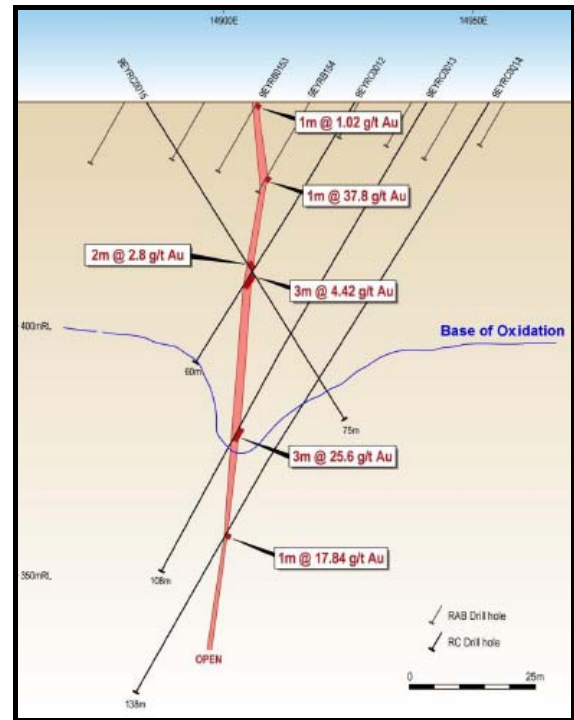
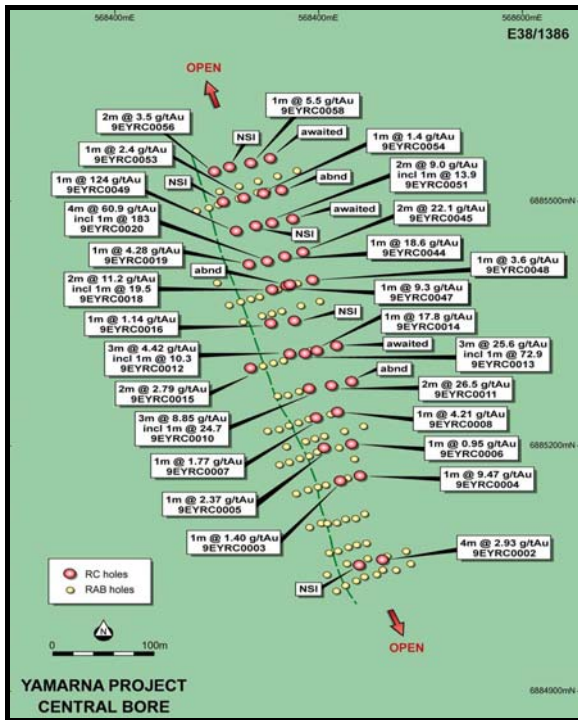
Directors

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

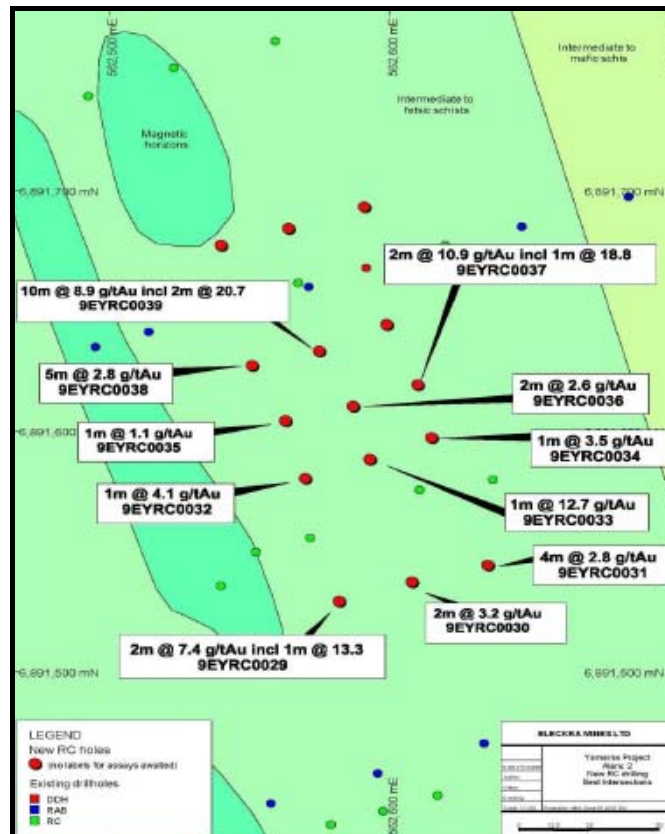
Key Projects

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	Calcrete	Alk. Leach	Adv. Expl.	Aus (WA)
Lake Rason + Lake Wells	100%	U	none	Calcrete	na	Early Expl.	Aus (WA)

Drilling at Central Bore in 3Q09 has confirmed this discovery as a high-grade steeply plunging quartz vein system only 3.7km from the existing resource, 520m strike length, open along strike and at depth. And recently a larger gold anomaly (Byzantium) was discovered 500m to the west of Central Bore.



The 'Yarmana Deeps' drilling at Alaric 2 is picking up new high grade shoots in areas of the existing resource where previously drilling was wide-spaced and relatively shallow. The mineralisation is typically at depths 100m - 200m. Nine other targets have been identified for high grade shoots.



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