

ELECKRA MINES

BRIGHT PROSPECTS LEAD TO HIGH GRADES

The chairman of Perth-based Eleckra Mines says his decision to become an executive director just over two years ago as part of a management changeover was far from difficult.

WHEN ELECKRA Mines chairman Ian Murray first joined the company as a non-executive director he already had more than 13 years exposure to the global gold industry behind him.

On his appointment Murray was immediately convinced the gold junior's unique tenement holding across the Yamarna greenstone belt, 150 kilometres east of Laverton on the eastern edge of the archaean Yilgarn Craton, was an opportunity well worth seizing.

"We had 4500 square kilometres of ground in a district famed for its mineralisation and historically-low levels of exploration, and with no competition to speak of – it was a very exciting proposition," Murray told *RESOURCESTOCKS*.

"We knew from the resource, present at the time, there was an accumulated 1 million ounces of low-grade [less than 2 grams per tonne] gold over 17 kilometres and we were confident that there would be additional higher-grade deposits in there as well.

"The advantage in this sort of virgin territory is that you are likely to find something very good and very large. For a junior company, to be in that position is very valuable."

Eleckra is well-placed to take advantage the sleeping giant that is Yamarna. A quick look at the history of the goldfields in the eastern Yilgarn reveals the Kalgoorlie greenstone belt, which produced 150Moz of gold in its heyday. This was supported by production from Leonora, which produced 12Moz and Laverton with 25Moz.

"The fourth greenstone belt in the eastern goldfields moving from Kalgoorlie towards the [Great Victoria] desert is Yamarna," Murray explained.

"When we considered the production figures from the first three, we very quickly realised that the Yamarna greenstone, being contemporaneous with the Kalgoorlie and Leonora greenstones, could easily host millions of ounces of gold.

"We were in full control of a multi-million-ounce province and we knew that a big discovery was only a matter of time once we began a systematic exploration program."

That came 12 months after Murray, supported by Eleckra's new management team, took the reins. A 7000 metre reverse circulation drilling program intersected high grade gold values at the Central Bore prospect.

Initial assay results announced

in 2009 confirmed grades at Central Bore of 3 metres at 26 grams per tonne gold. A second batch of assays revealed an "exceptionally high" maximum grade of 3m at 61gpt gold including 1m at 183gpt gold and in May 2010, a "bonanza" 1m at 404gpt gold. That spurred the company to pursue an advanced exploration program to delineate a maiden resource and maybe a preliminary development scenario in late 2010.

"I have always believed that if you are going to find gold in Australia, this is certainly the right address," Murray said. "When you are competing with 600 other junior companies, you need to differentiate yourself in some way to stand out in the market. We certainly achieved that by having strategic control over a very prospective area and then coming up with very high-grade hits at Central Bore."

Murray's confidence was echoed by general manager and chief geologist Ziggy Lubieniecki, who joined three years ago and was instrumental in the Central Bore find.

"The Yamarna belt is so rich in gold and it has such great potential," Lubieniecki said.

"The statistics show quite clearly that the Yilgarn Craton is one of the richest mineral provinces in the world, containing 30 per cent of the world's known gold reserves and 20 per cent of nickel reserves, so it is a fantastic region for us to be in.

"We always had an idea there was something decent on our acreage and when our 2009 assays brought back grades in excess of 100 grams per tonne gold, we learned that we had a narrow but high-grade gold deposit on our hands."

This year Eleckra has drilled an

"The advantage in this sort of virgin territory is that you are likely to find something very good and very large. For a junior company, to be in that position is very valuable."

IAN MURRAY
ELECKRA MINES



additional 8000m into the deposit to extend strike length by 60% from 500m to 800m to the south, with the deepest gold intercept at 290m.

Given the high grade intercepts at Central Bore, the company is aiming for average grades of 15gpt gold from those samples and in the current gold price environment, in the vicinity of US\$1200/oz, that would certainly improve the economics of development and production at Central Bore.

“Once we get the results, we will continue metallurgical recovery and gravity separation tests and push for a resource calculation and preliminary high-level mining economics before year end,” Lubieniecki continued.

“If it turns out we have enough ounces in the ground to support a mine, the strategy would be to push ahead with building the first mine in the region as quickly as possible.”

Eleckra’s shareholder base appears equally excited by the strategy if the success of its 2009 capital raisings to rebuild the company and fund the work at Central Bore are any indication. At a time when the company’s share price hit an all-time low as part of the economic fallout – it fell from a high in 2007 of 45c per share to just 2.5c per share in early 2009 – Murray said its ability to raise \$3m from just 350 investors was nothing short of remarkable.

“We originally listed at 20c in 2006 and a year later, some investors had paid up to 45c a share for Eleckra,” he said.

“Then we hit rock bottom in the middle of the economic crisis when investors began fleeing from junior exploration companies. We had 350 shareholders and no liquidity in the stock market but based on our drilling up to that point, we remained confident we were close to a substantial discovery.

“It is a miracle we managed a successful capital raising and that’s definitely a result of shared confidence in what we can achieve at Yamarna.

“I think the investment community in general is happy with the Central Bore discovery, which has led to our share price recovering somewhat to around 10c and is headed back in the right direction, but I do believe we are still significantly undervalued and it will be a while before the market realises the opportunities that will spring from Eleckra controlling Australia’s next major gold producing region.

“At the moment, our shareholder



Drilling at Central Bore

base is 95 per cent Australian. Creating a world-class project underpinned by a multi-million ounce resource will definitely put us on the global radar for investors in Europe and the US.”

In the meantime, Eleckra Mines will endeavour to expand its gold resource at Central Bore via additional drilling over the next quarter using its \$2 million cash at hand.

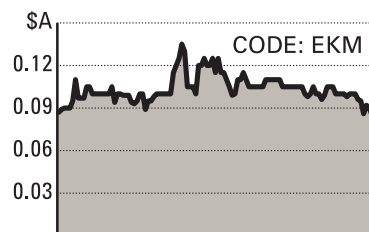
First off the rank will be a rotary air blast program that began in August, drilling more than 10,000m to identify additional targets, followed by a combined RC-diamond drilling program of 7-10,000m that will provide finer details on Central Bore’s mineralisation structure. All results will feed into a 2011 schedule of activity covering 50,000m of drilling – almost 15,000m more than the total planned drilling for 2010.

From there, it could only two years before Eleckra makes the transition to producer.

“We are confident that there will be a mine at Central Bore, but first, we need to first understand how big the economic resource is and that could take some time if Ziggy and his team continue to identify new high grade targets in the area with each drilling program,” Murray said.

“Ultimately, I’d like to see Eleckra running two, maybe three gold production units at Yamarna producing 200,000 ounces a year with a mine life of 10 years and resources in the bag of 10 million ounces. At that level of production, we could definitely sustain life in the mid-tier category.” – **Imelda Cotton**

ELECKRA MINES AT A GLANCE



5 months ending August 6, 2010

HEAD OFFICE

6 Altona Street,
West Perth WA 6005
Australia
Phone: +61 8 9486 4144
Fax: +61 8 9481 6405
Email: perth@eleckramines.com.au
Web: www.eleckramines.com.au

DIRECTORS

Ian Murray, Russell Davis,
Kevin Hart, Ziggy Lubieniecki

MARKET CAPITALISATION

\$18.6 million (at press time)

QUOTED SHARES ON ISSUE

195,843,333

MAJOR SHAREHOLDERS

Perth Select Seafoods 5.88%
Troyleigh Investments 4.76%
Valentino Nominees 4.69%
HSBC Custody Nominees Australia 4.64%