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Eleckra Mines Hopes To Open Up The Yamarna District As The Fourth Major Gold Belt In Western Australia

By Nadia Cavallaro

The Yamarna greenstone belt may become Western Australia's fourth major prospective gold region if Eleckra Mines' preliminary exploration is anything to go by. The company has recently restarted drilling on its Yamarna Gold Project, which already boasts a 749,000 ounce resource based on work done back before the financial crisis took hold. That total ought just to be the start, though. Eleckra executive chairman Ian Murray is convinced the company is sitting on more high-grade deposits.

"The Yamarna greenstone belt is a very prospective area – it has the potential to become the fourth major gold belt in Western Australia," he told Minesite. "We have discovered in the last twelve months an accumulation of high-grade potential at Central Bore. We have drilled down to 150 metres and hit grades of up to 182 grams per tonne". Grades like that aren't to be sniffed at.

Drilling is now taking place at the Hann, Burzantium and Central Bore East prospects on Eleckra's Yamarna ground. Unlike other parts of Western Australia, the Yamarna belt is relatively untouched due its remote location. Yamarna is 140 kilometres east of Laverton, a town which itself is around 1,000 kilometres from the state's capital city of Perth.

"Exploration has only been undertaken in the last 15 years, with only serious exploration in the last two years," Murray said. While historically, the thinking has been that the Yamarna greenstone belt holds large tonnages at low grades, Murray is out to prove this notion wrong.

"There will be two months of drilling of a total of 7,000 metres and we will follow up on what we find in the second half of the year," Murray said, adding that drilling could top 25,000 metres for the year. "There is a bend in the shear zone, and geologists were excited to see this, so it prompted us to look off the shear zone where we hit high-grade deposits at Central Bore", he explained.

The company expects to achieve around 500,000 ounces of high-grade metal in the initial resource at Central Bore, which would then justify further development. Eleckra will spend A\$3 million on the drilling program over the next 12 months, but once this is complete, it will need to raise capital to fund further work. "We will have to do some capital raising at some stage but once we have our drilling results", Murray said.

Exploration costs are low in comparison to other exploration areas, Murray noted. "There is road infrastructure, telecommunications and accommodation out there. We can get drill rigs anywhere we need them."

While the company's peers have been indulging in a spot of M&A activity recently, Eleckra is happy to take an outside view. "Our main focus is exploration at the site – we don't want to get into a bidding war in acquiring another project," Murray said. Having said that, though, when drilling results are finalised, Murray expects to see heightened interest in the Yamarna project itself.

"There is no doubt that with our high-grade resources we will have mid-tier to majors knocking on our door," he said. "We are open to hear proposals but we would like to go into production on our own."

How that will be done is a long way from certain yet. The company has yet to decide whether to truck material to an established plant in Laverton, or whether instead to build its own extraction facility.

Either way, the wider context remains favourable. When other metals prices fell drastically during the global financial crises, gold managed to surge. The precious metal has consolidated well, above the US\$1,100 level recently. That compares very favourably with the prices of November 2008 when gold was trading at US\$725 per ounce.

"The traditional story of a safe haven remains," Murray said, adding that he's expecting to see gold make further gains this year. "The gold market is doing very well, particularly out of Europe where there is a lot of investment in gold juniors," he said. "South African gold production is down and gold discoveries are further apart. Gold production is falling short of demand and for this reason I believe the price will certainly go higher", he said.

Eleckra also has a uranium tenement in the area but it's not yet a priority for the Perth-based company. "It's an asset that is not going to go away." But for now, it's not the top priority. "We are focused on gold," Murray said

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