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## **Eleckra Is Tantalisingly Close To Declaring That It Has A Mine On Its Hands At Yamarna**

*By Our Man in Oz*

**On your next trip to the moon take time to look back at Western Australia for a lesson in the geology of gold, because it is only from a great height that you can see the mighty rips in the earth's skin from which much of Australia's gold has been mined. The best known of those "shear zones" which have permitted the upward flow of gold-rich mineralised fluids is the one which runs though Kalgoorlie and up to Wiluna. But as your eye moves east, two other near-parallel mega-structures, and their associated mines, can be identified. Then, after those three major geological events you enter a region which Australia's Aborigines call the Never-Never, the unforgiving semi-desert of central Australia, where only a handful of prospectors have visited, but where there is increasing evidence that a fourth major, gold-rich, shear zone may exist. And the gradually accumulating evidence is keeping the management of [Eleckra Mines](#) awake at night.**

It lies 150 kilometres east of Laverton, a town which itself has all the credentials to win an "end of the earth" competition. And beyond Laverton Eleckra is hammering away at its Yamarna project, in what's arguably one of the most promising hunts for gold in Australia today. Inside an area covering 4,500 square kilometres, an area approximately double the size of Luxembourg, Eleckra has identified what looks to be a major shear zone which runs from the five million ounce Tropicana gold discovery of AngloGold and Independence Group on its southern border up to a point north of Laverton. If a company was valued solely on its land position shares in Eleckra would be changing hands at a much higher price than the current A10 cents.

Talk of "super taxes" on the Australian mining industry, and the rush by Australian explorers to West Africa, are two reasons why Yamarna has slipped below investors' radar screens lately. Last week, for example, Eleckra quietly announced fresh drilling results. These extended one gold discovery zone, Central Bore, out to a length of 800 metres, a 60 per cent increase. Among the best of the latest drilling results was two metres at 41.21 grams of gold a tonne from a depth of 200 metres. Inside that section was a metre at 69.59 grams a tonne. For Eleckra's executive chairman, Ian Murray, that July 5th announcement represented a major step forward in the exploration of the Yamarna area. He said that with additional drilling planned for August the company is now expecting to outline a maiden resource by the December quarter. Once that point is reached Murray could be in the position of having to

decide whether to truck material to Laverton, where there is spare processing capacity in a number of gold mills, or whether to install a small mill at site.

Comments from Ian about how best to “monetise” the gold Eleckra is discovering at Yamarna made Minesite’s Man in Oz prick up his ears with interest. You Man in Oz and Ian have been nattering for some time about the challenge of exploring in the Never-Never. Until now, Yamarna has been an elongated jigsaw puzzle, showing pockets of mineralisation along its full 150 kilometre stretch, from top to bottom. Close to the Central Bore discovery zone there are other nearby areas of mineralisation, including Byzantium, which looks from above to be a western mirror image of Central Bore, Hann and Attila, which has a series of targets stretching to the north. More work is needed, and that will start when a 5,000 metre rotary air blast drilling programme gets underway next month.

For followers of Eleckra it’s worth knowing that the newsflow should build over the next six months as drilling and other fieldwork continues. As the work progresses there will also be news from an internal feasibility study into mining and processing options. Early mineralogy tests have been positive, and a mining engineer has been appointed to work up a high level mine plan. “We know that the structures in the area are steeply dipping, which means we will have to go underground as soon as possible”, Ian said.

Pressed to reveal his internal numbers, Ian declines on the grounds that it is a bit premature with so much happening. Outside followers of Eleckra’s work are less cautious. One less cautious outside observer of Eleckra reckons that on the basis of a back of the envelope calculation the company is very close to declaring that it has a mine. “The company really has to get to the next level of knowledge before it can press the button and go mining,” was the key comment. “Work so far has established a resource of just under a million ounces, and when you use a one gram cut-off there is around 750,000 ounces. What Eleckra is now doing is looking for more of the high-grade material, mineralisation of half an ounce and more. That’s game changing stuff.”

If Eleckra can outline enough of the high-grade material, then a fast start could be made on production and the ore could be trucked to Laverton. But, it could be just as easy to install a small plant capable of processing as little as 100,000 tonnes of ore a year, and costing as little as A\$10 million. With a payback period measured in months, that could arguably be a more attractive business development route at this early stage of Eleckra’s life.

The key to understanding the current state of play at Eleckra is to appreciate it is now moving out of the pure grass roots exploration phase of its life. With the gold price sitting above US\$1,200 an ounce, and with gold not included in Australia’s new tax regime, the company can now see a way to generate cash internally rather than relying solely on the capital markets. Much more will be known in the next six months as drilling resumes, processing options are fine-tuned, and Eleckra becomes an emerging gold producer to watch.

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