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Judging By The Recent Grades, Eleckra Could Be Onto Something Big At Yamarna, Although The The Locals Don't Seem To Care

By Our Man in Oz

Australian investors are notorious for not following their home-grown mining companies when they venture into foreign parts. Life, it seems, is too comfortable at home. But, even if that is the case, it's a real surprise to find a local gold exploration success story being given the investment equivalent of the cold shoulder as if it was exploring in Venezuela, Congo, or some other dodgy location where the men with guns make up the rules to suit themselves.

"Well", thought Minesite's Man in Oz, as he contemplated Centamin Egypt's relinquishment last week of Australian domicile, and the effective loss in years past of Aquarius Platinum, "if local investors and the local media are disinterested in the good news flowing from Eleckra Mines, then perhaps more astute investors in London and Europe will recognise an emerging winner when they see it".

Last Thursday, which was, by coincidence, the day Centamin served notice of its permanent migration to London, Eleckra reported an eye-catching set of assay results from its Yamarna project. The best intersection was 10 metres at 8.87 grams of a gold a tonne, which included one metres sections at 22.12 grammes per tonne and 20.67 grammes per tonne. On their own, those assays would be rated as interesting, but not conclusive on their own. But that's the point – there are plenty more already in the bag from the big, but remote, Yamarna area, including results filed at the ASX on October 7 and 15 which went at as high as 60.9 grammes per tonne over four metres, with a one metre slice up to 182.8 grammes per tonne.

At this point Minesite is entitled to a modest "we told you so", if only because we did, twice. On May 5 when Eleckra was trading at A3 cents, we reported that "it's only a matter of time before cashed up Eleckra Mines returns to the spotlight". In one sense we were wrong. The share price went up but no-one in the Australian media or stockbroking community flicked on the spotlight – an opportunity missed. Undeterred, we tried again on August 27 when Eleckra was trading at A4 cents and we said Eleckra had moved one step closer to production.

The penny finally dropped a month ago when Eleckra reported high-grade gold hits at its Central Bore prospect, which lies within the greater Yamarna project area. From a still lowly A7 cents before that announcement came out, the stock rushed up to A18 cents. It has since settled back to around A12 cents, but it is obvious to anyone who has followed grass roots Australian gold exploration that there is a pattern emerging as Eleckra drills deeper and wider.

What's happening is that Eleckra appears to have a tiger by its tail. Yamarna is a remote project, located 150 kilometres east of Laverton, on the edge of Australia's central desert. But, due south of Yamarna is the country's most exciting gold discovery of the past 20 years, the Tropicana project of AngloGold Ashanti and Independence Group. Until recently, Eleckra has been more closely associated with its stake in the Thatcher Soak uranium deposit which lies within the Yamarna greenstone belt. That focus changed as the company started to pull together the data on the gold in the region, and it is almost certain that it will be gold that drives the next phase of Eleckra's development.

For anyone getting their first exposure to Yamarna, it is best pictured as a geological hunt along a massive structure which is throwing up mineable gold grades in multiple locations. The challenge will not be to work out whether they lead to a mine, but rather to work out where that mine might start. Currently, the preferred location is the Central Bore deposit, the area which has revealed the richest grades so far, including that 182.8 grammes per tonne hit. Data from that drilling is being worked into resource calculations which are expected to be released in December, or early in the new year. Confusing the Central Bore story are the most recent drill results from another prospect, Alaric 2. This is where the 10 metres at 8.87 grammes per tonne came from. More assays will follow from a series of targets along the Alaric trend, which lies immediately to the west of Central Bore.

This is classic grass roots exploration, and the gold assays are "ore grade". Eleckra has more targets than it can easily handle, and the company is moving quickly from being an explorer, into feasibility mode, and then into production with the questions then being how big and when.

Eleckra's chief executive, Ian Murray, was out when Minesite called on Tuesday, but he did give a local radio interview which provided some useful commentary on work underway. Murray said the Alaric deposit is located within the current resource of slightly less than one million ounces of gold in the greater Yamarna project area. What the latest drilling did was pinpoint high-grade zones. "Alaric 2 is the first of 10 targets that we've drilled, and that's been drilled to around 198 metres, whereas previous drilling has only gone down to about 100 metres, and we've had these very good results", he said.

But the real interest, and the next leg up for Eleckra, is when it works the Central Bore numbers into its resource calculations. "Central Bore is very exciting because it was not included in the original gold resource," Murray said. "That is a new area for us, and new gold resource, with a maiden resource statement coming out in late December, or early January." What comes after that expanded resource statement should cause local investors to take a closer interest in Eleckra because Murray is already talking about early-stage mine planning at Central Bore and Alaric.

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