

EKM.AU

Eleckra Mines Limited

A\$ 0.07

21 September 2009
Gold, Uranium
Australia (WA)
Advanced Exploration
Exchanges: ASX:EKM

EKM's recent drilling of new targets shows promise to expand its 749koz gold resource in the underexplored Yamarna belt (WA). EKM share price reflects no value for its 6.2mlb Thatcher Soak U3O8 resource - value could soon be unlocked with a deal with Uranex?

Capital Profile

Share price (A\$)	0.07
52 week range (A\$/share)	0.01 to 0.13
Number of shares (m)	170.4
Options and warrants (m)	73.1
Convertible notes (m)	0.0
Fully diluted (m)	243.5
Market capitalisation (undiluted) (A\$m)	11.2
Debt (A\$m) - Sep 09F	0.0
Enterprise value (A\$m)	11.2
Major shareholders: Perth Select Seafood (5.9%), Troyleigh Inv. Ltd (4.8%) HSBC Custody Nom's (4.6%), Haifa Pty Ltd (4.0%)	
Avg monthly volume (m)	22
Cash (A\$m) - Sep 09F	2.0
Price/Cash (x)	5.8
Price/Book (x)	1.3
Company options:	No

Production and Financial Forecasts

YEAR END: June	Jun-09a	Sep-09F	2008a	2009F	2010F
Exploration and evaluation (A\$m)	0.40	0.40	1.71	1.10	1.50
Corporate (A\$m)	0.15	0.15	0.99	0.71	0.60
Exploration/(Expl.+ Corporate) (%)	73	73	63	61	71
Funding duration at current burn (years)			0.6	1.4	0.2
Shares on issue (pr end) (m shares)	170.4	170.4	62.1	170.4	170.4
Drilling - RAB (m)	5,500	3,000	17,400	15,500	12,000
Drilling - Other/Diamond (m)	0	2,000	3,550	3,000	15,000
Land holding ('000 ha)*	450	450	200	450	450
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	2.50	0.00	0.00	2.66	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	2.5	2.0	1.6	2.5	0.5
Cash backing (Ac/share)	1.4	1.1	2.5	1.4	0.3
Net asset backing (Ac/share)	4.8	4.7	9.7	4.8	4.5

*Gold and uranium prospective tenements, both held and under application.

Investment Points

EKM's focus is gold and uranium in WA. Exploration budget is ~\$1.5mpa mostly directed to gold.

Strategic position (~2,500km²) 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.

Current drilling is identifying potential additional resources in untested nearby targets.

2Q09 Central Bore RAB drilling produced promising new 300m new mineralised zone - 5,000m RC drill 3Q09.

Newly granted tenements (Golden Sands project) cover unexplored ground between Yamarna and the AngloGold Tropicana discovery (5moz resource).

If EKM does a deal with Uranex on Thatcher Soak, we would expect shares to trade at ~7-8cents.

Company Comment

Overview: EKM listed on the ASX July '06. The company's highest priority 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, an extension to the Thatcher Soak drainage channel (20mlb global resource).

Yamarna project (WA): (2,500km², 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 resource defined to date occurs in the **Attila-Alaric zone** along a 17km strike length. There are gaps in drill coverage with over 50% of the strike length untested. The deposit is open at depth and along strike. Anticipated resource conversion is ~50% with EKM aiming to achieve resources of 1moz - 1.5moz Au before commencing a PFS. Preliminary metallurgical testing has indicated good heap leach characteristics. **Recent Drilling:** In 2Q09 EKM conducted a 5,500m, 310 hole RAB drilling campaign on 5 new unexplored gold anomaly target areas parallel to the existing Attila resource. Best results were reported at **Central Bore** (3.7km E of Attila) over a 300m zone with some good hits (e.g. 4m @ 4.01g/t from surface, 4m @ 14.14g/t from 16m). Other targets produced some reasonable results for future follow up. A 5,000m follow up RC drill program for Central Bore is planned for 3Q09, which will include holes to test the depth potential for higher grade gold shoots that were indicated in previous wide spaced drilling (9 targets identified, 2-3 to be drilled this Q).

Golden Sands (WA): (1,500km², gold) EKM has recently been granted largely unexplored exploration tenements between Yamarna and the tenements to the south of the AngloGold Ashanti/Independence Group **Tropicana** gold project (5moz resource - currently subject of a PFS for a ~400kozpa operation). EKM is planning an initial program comprising airborne magnetic and radiometric surveys.

Thatcher Soak Tenements: (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). The grades are low (UNX 220ppm; 170ppm, @ 100ppm cut off), but deposit is shallow, easily mined. UNX is pushing ahead and is nearing completion of a scoping study. Recently UNX purchased small part of Thatcher Soak resource from South Boulder mines which valued resource at ~\$0.75/lb. UNX's intent seems clear - strategically they would be in a stronger position through owning the full resource. Best opportunity for EKM to unlock U value would be to sell to UNX.

Corporate: EKM raised A\$2.7m in 2Q09 to maintain gold exploration momentum during FY10.

Investment Comment: With an established 749koz resource, encouraging drilling of new Yamarna belt targets, cash ~A\$2m, EKM is trading at a significant discount to our assessed value. Based on UNX recent purchase, we think a deal with UNX could value Thatcher Soak at min.~\$1.00/lb, and if gold resource was valued at modest ~A\$5.00/oz, then UNX would be valued at 7-8cents/share.

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	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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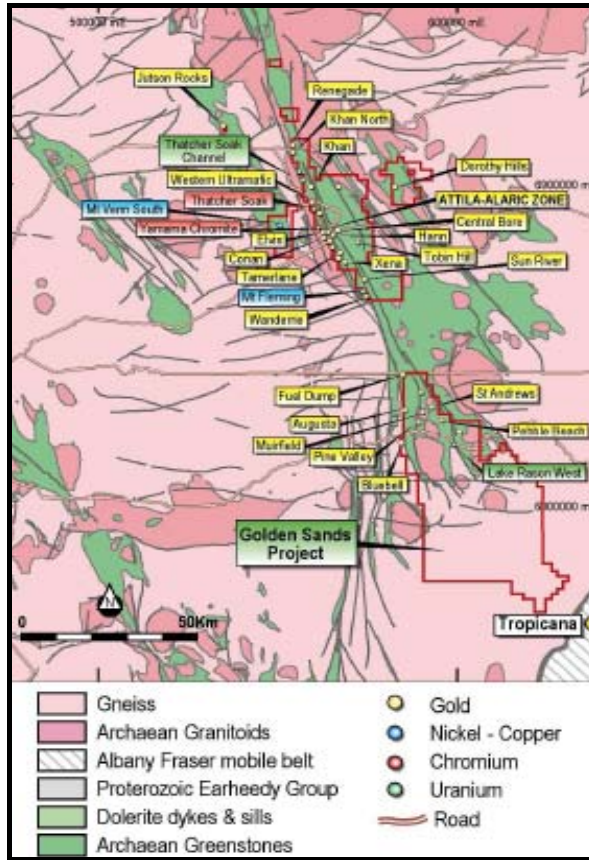
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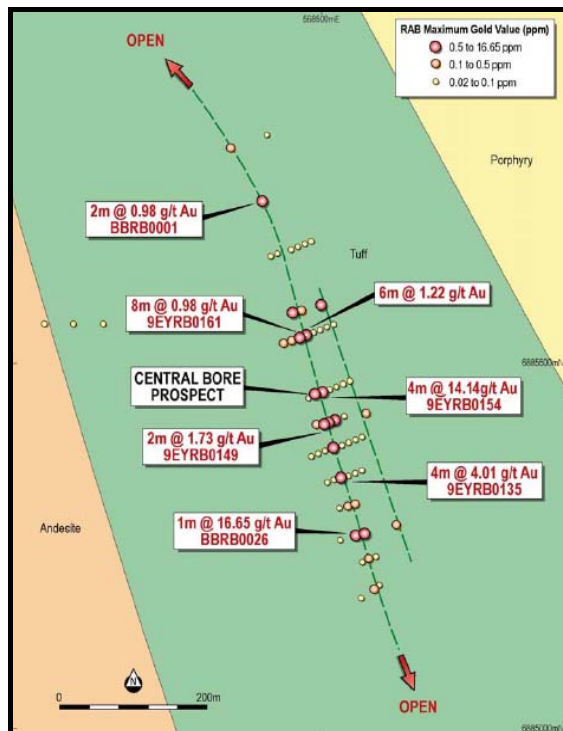
Key Projects

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	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher Soak	100%	U	none	Calcrete	Alk. Leach	Mid Expl.	Aus (WA)
Lake Rason + Lake Wells	100%	U	none	Calcrete	Alk. Leach	Early Expl.	Aus (WA)

EKM's Yamarna tenements (red boundary) include the 6.2mlb U₃O₈ Thatcher Soak resource and the 749koz Attila gold resource and numerous advanced gold drill targets. Further south, the newly acquired Golden Sands tenement north of AngloGold's 5moz Tropicana discovery is unexplored.



Eleckra has commenced drilling new gold targets adjacent to the Attila gold resource. RAB drilling in 2Q09 at Central Bore (4km from Attila) produced promising hits over a 300m zone. A 7,000m RC drilling campaign commenced in 3Q09, which will include testing of higher grade potential of Yarmana Deeps.



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