

# EKM.AU

27 September 2010  
 Gold, Uranium  
 Australia (WA)  
 Advanced Exploration  
 Exchanges: ASX:EKM

## Eleckra Mines Limited

A\$ 0.13

**Eleckra's high grade Central Bore discovery in the Yamarna belt (WA) is shaping up to be bigger and better with recent RAB drilling indicating a nearby look-alike mineralised structure at Central Bore East, and a 300m (37%) extension to the existing 800m zone.**

### Capital Profile

Share price (A\$)	0.13
52 week range (A\$/share)	0.07 to 0.21
Number of shares (m)	224.8
Options and warrants (m)	79.0
Convertible notes (m)	0.0
Fully diluted (m)	303.8
Market capitalisation (undiluted) (A\$m)	28.1
Debt (A\$m) - Sep 10F	0.0
Enterprise value (A\$m)	28.1
Major shareholders: Directors (7.3%), Perth Select Seafood (5.1%), Geiger Counter Fund (4.0%), Asarco Expl. Co. Inc.(2.6%)	
Avg monthly volume (m)	31
Cash (A\$m) - Sep 10F	3.5
Price/Cash (x)	8.1
Price/Book (x)	2.8
Company options:	EKMO

### Investment Points

EKM's focus is gold and uranium in WA. Exploration budget increasing to ~A\$3mpa, mostly directed to gold.

Strategic position (~4,100km<sup>2</sup>) 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.

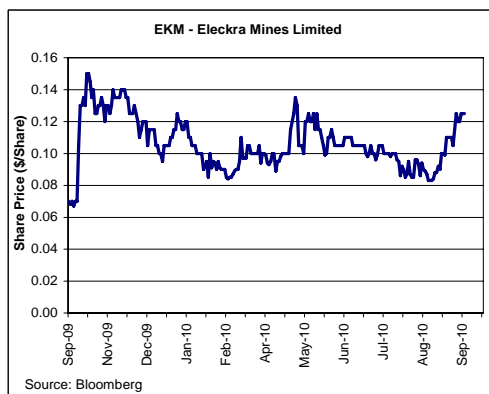
High grade discovery Central Bore at least ~1,100m long zone. New parallel zone discovery Central Bore East.

Initial resource statement for Central Bore Nov '10: ~150koz at 10-15g/t? Potential fast track production.

Strong newsflow 4Q10: Results of RC drilling program C Bore and C Bore East, C Bore resource statement.

Numerous additional major Au anomalies to be drilled.

As resource statement for Central Bore approaches, our six month target range is A\$0.14/share - A\$0.21/share.



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### Directors

I Murray (Exec Chairman)  
 R Davis (Non Exec Dir)  
 K Hart (Non Exec Dir)  
 M Pyle (Non Exec Dir)

### Production and Financial Forecasts

YEAR END: June	Jun-10a	Sep-10F	2010a	2011F	2012F
Exploration and evaluation (A\$m)	0.79	0.55	2.13	2.85	2.90
Corporate (A\$m)	0.25	0.25	0.94	1.10	1.20
Exploration/(Expl.+ Corporate) (%)	76	69	69	79	85
Funding duration at current burn (years)			0.6	1.1	0.1
Shares on issue (pr end) (m shares) **	195.8	224.8	195.8	282.0	282.0
Drilling - RAB (m)	5,000	12,000	10,500	32,000	18,000
Drilling - RC/Diamond (m)	10,900	1,000	18,900	21,000	28,000
Land holding ('000 ha) *	410	410	410	410	410
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.00	2.46	2.67	6.46	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	1.8	3.5	1.8	4.4	0.5
Cash backing (Ac/share)	0.9	1.5	0.9	1.7	0.2
Net asset backing (Ac/share)	3.9	4.4	3.9	5.1	5.2

\*Gold prospective tenements, held and under application. \*\* FY11 shares assumes 7c options converted 2Q11 raising A\$4m.

### Company Comment

**Overview:** EKM listed on the ASX July '06. Its focus is the under-explored Yamarna Greenstone Belt where it has established a 749koz gold resource, and a 6.2mlb shallow calcrete U<sub>3</sub>O<sub>8</sub> resource.

**Yamarna Project (WA):** (3,000km<sup>2</sup>, gold) EKM's exploration focus is on the Yamarna shear zone - a regional scale mineralised trend considered prospective for multi-million ounce discoveries. EKM's 749koz (1.78g/t) resource occurs in the **Attila-Alaric zone** along a 17km strike length.

**Central Bore ("CB"):** (3.7km E of Attila). CB was discovered in 2009 after drilling a RAB anomaly 3.7km E of Attila. It was the main focus of a spectacularly successful 10,900m RC drilling program in 2Q10 which produced gold mineralisation in 47 out of 48 holes drilled at CB, and confirmed mineralisation over an 800m strike length and 300m depth, open along strike and at depth. Intercepts include 3m @ 136g/t and 4m @ 61 g/t. Recent RAB drilling indicated the mineralisation extends at least further 300m to the north. CB is a steeply dipping high grade carbonate vein system, parallel to the Attila-Alaric zone. CB is open along strike and at depth. CB is shaping up as a significant high grade mineralised zone - an inaugural resource statement (expected 4Q10 after further RC drilling now commencing) is expected to confirm an initial resource of around 150koz at grades of around 10-15g/t. Metallurgical testwork has indicated high (>96%) metallurgical recoveries from CIL, and significant potential recovery in a gravity pre-leach circuit. **Central Bore East ("CBE"):** Results from the 3Q10 17,000m RAB drilling program indicated significant mineralisation from the CBE anomaly, only ~250m east of CB. RAB intercepts of 7m @ 4.3g/t and 6m @ 1.4g/t suggest CBE could be a parallel 'clone' of CB, at least 500m long, but wider than CB. This is of major significance if a parallel high grade zones is confirmed. **Other Anomalies:** Numerous parallel anomalous gold zones close to Attila and CB, still yet to be properly tested. **Hann**, (2.8km long, confirmed as a discovery after recent RC drilling) and **Byzantium** are two currently in focus.

**Next Steps:** As we await more results from the 3Q10 (17,000m) RAB program, EKM is about to start a follow up RC/DDH 7,000m-10,000m campaign, focusing on infill drilling at CB, the CBE prospect, and Hann. Metallurgical testing is on-going. We expect an initial JORC resource for CB mid-late 4Q10.

**Golden Sands (WA):** (1,500km<sup>2</sup>, gold) EKM holds largely unexplored exploration tenements north of the AngloGold Ashanti/Independence Group **Tropicana** gold project (5moz resource).

**Thatcher Soak (WA):** (500km<sup>2</sup>, uranium) EKM holds Eastern portion of the Thatcher Soak calccrete uranium prospect, (total 20mlb resource - Uranex NL (ASX:UNX) 14mlb and EKM 6.2mlb). Based on UNX recent transaction, we think a deal with UNX could value Thatcher Soak at around ~A\$1.00/lb.

**Investment Comment:** The higher-grade Central Bore discovery (and now Central Bore East) has been a real revelation for EKM. It is transforming perceptions of Yamarna with resource grades that could be around 10-12g/t, bringing into focus a possible fast track, low tonnage, high grade production operation. Discovery of parallel zones such as CB East leads us to favour the upper end of our target range of **A\$0.14/share to A\$0.21/share** (fully diluted), over the next six months with a high level of newsflow expected including the first CB resource statement and a continued rapid pace of exploration.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Equity koz
<b>Reserves</b>						0.0	0.0	0.0
<b>Resources</b>								
Yamarna - Attila-Alaric	Inf., Ind. & Meas.	100%	13.1	1.78	1.00	23.3	749	749
<b>Mineralised Material (est., non compliant with JORC)</b>						0.0	0.0	0.0
<b>Uranium Resources</b>		Project Equity	Mt	U <sub>3</sub> O <sub>8</sub> %	Cut Off ppm	U <sub>3</sub> O <sub>8</sub> kt	U <sub>3</sub> O <sub>8</sub> mlb	U <sub>3</sub> O <sub>8</sub> Eqty mlb
Thatcher Soak	Inferred	100%	16.1	0.017	100	2.7	6.2	6.2

### Key Projects

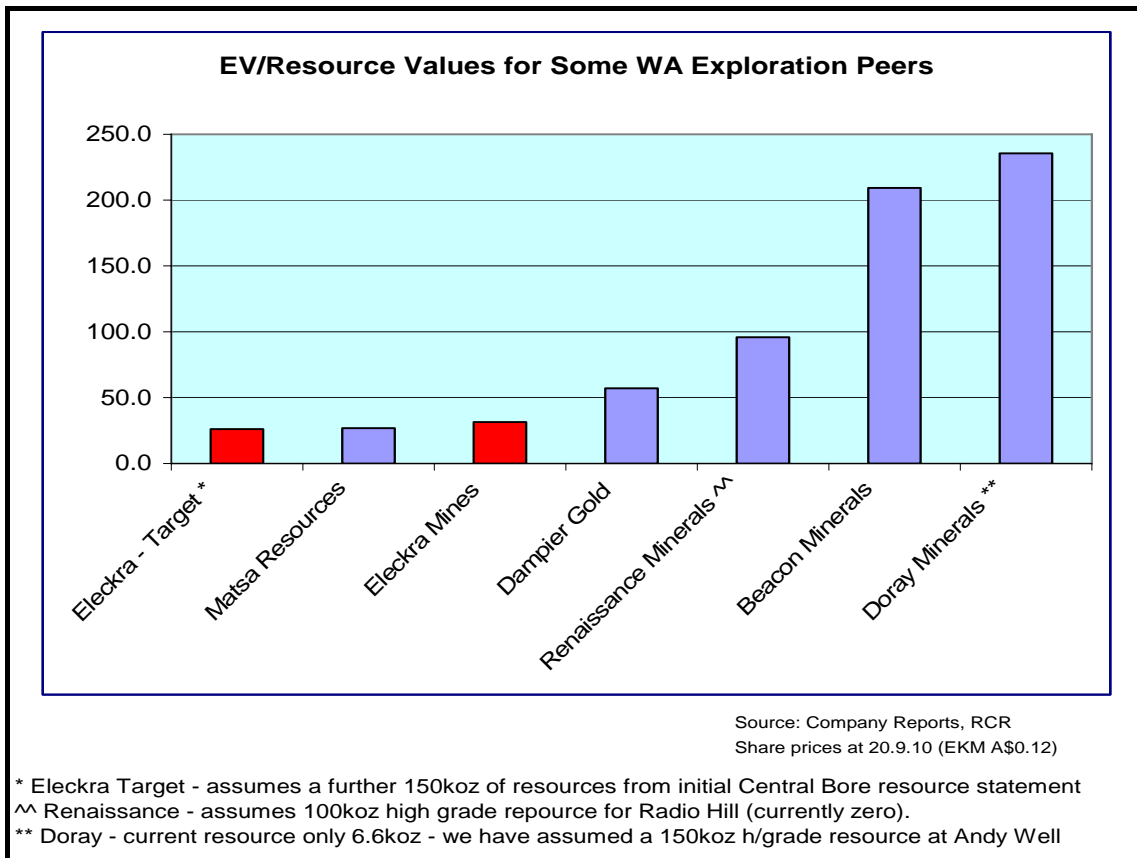
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Attila	100%	Au	none	ox/sulp	heap leach	Adv. Expl.	Aus (WA)
Yamarna - Gold regional	100%	Au	none	ox/sulp	na	Mid Expl.	Aus (WA)
Golden Sands	100%	Au,U	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher Soak	100%	U	none	Calcrete	Alk. Leach	Adv. Expl.	Aus (WA)

With Central Bore shaping up as a high grade (>10g/t) resource, and now Central Bore East as a likely >500m long, wider parallel zone, EKM could have the option of a high grade fast-track production. The recent Central Bore East discovery suggests to us the upper target of our A\$0.14 – A\$0.21/share valuation range should be coming into focus in the medium term.

**ELECKRA MINES LIMITED VALUATION**

	Equity	Target Gold Resource (moz)	Valuation Range Low A\$m	Valuation Range High A\$m
<b>Projects</b>				
+ Yamarna target gold resource (current 0.75moz @ A\$10-A\$20/oz)	100%	0.75	7.5	15.0
+ Central Bore (potential initial 0.15moz high grade resource @ A\$75-A\$125oz)	100%	0.15	11.3	18.8
+ Central Bore East - likely new parallel high grade zone	100%		2.0	4.0
+ Thatcher Soak uranium resource (6.2mlb @ A\$0.50/lb)	100%		3.1	3.1
+ Yamarna Regional Exploration (excellent potential for Central Bore structures)	100%		6.0	8.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		2.0	3.0
Sub Total			31.9	51.9
+ Cash (est Sep '10)			3.5	3.5
- Debt (est. Sep '10)			0.0	0.0
Sub Total			3.5	3.5
<b>EKM NET ASSET VALUE</b>			<b>35.3</b>	<b>55.3</b>
<b>Capital Structure</b>				
Shares (m)			224.8	224.8
Fully Diluted Shares (m)			303.8	303.8
<b>EKM NET ASSET VALUE PER SHARE</b>	<b>:A\$/share</b>		<b>0.16</b>	<b>0.25</b>
<b>EKM NET ASSET VALUE DILUTED</b>	<b>:A\$/share fully diluted</b>		<b>0.14</b>	<b>0.21</b>

Eleckra's EV/resource ratio of A\$31.40 per ounce (A\$26.10 per ounce if we include an initial target 150koz resource for Central Bore) is very much on the low end of the scale compared to some other early-mid stage greenstone belt explorers in WA.



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