

# EKM.AU

## Eleckra Mines Limited

A\$ 0.11

30 June 2010  
 Gold, Uranium  
 Australia (WA)  
 Advanced Exploration  
 Exchanges: ASX:EKM

The intensified exploration effort at Eleckra's Yamarna belt project (WA), (0.75moz resource) is focused on the high-grade Central Bore discovery. The inaugural resource statement due in 4Q10 could confirm a significant (~150koz) additional high grade gold resource.

### Capital Profile

Share price (A\$)	0.11
52 week range (A\$/share)	0.03 to 0.21
Number of shares (m)	195.8
Options and warrants (m)	76.3
Convertible notes (m)	0.0
Fully diluted (m)	272.1
Market capitalisation (undiluted) (A\$m)	20.6
Debt (A\$m) - Jun 10F	0.0
Enterprise value (A\$m)	20.6
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)	15
Cash (A\$m) - Jun 10F	2.2
Price/Cash (x)	9.5
Price/Book (x)	2.7
Company options:	EKMO

### Production and Financial Forecasts

YEAR END:	Mar-10a	Jun-10F	2009a	2010F	2011F
Exploration and evaluation (A\$m)	0.29	0.50	1.10	1.84	2.20
Corporate (A\$m)	0.18	0.25	0.71	0.94	1.20
Exploration/(Expl.+ Corporate) (%)	61	67	61	66	71
Funding duration at current burn (years)			1.3	0.8	0.9
Shares on issue (pr end) (m shares) **	195.8	195.8	170.4	195.8	233.9
Drilling - RAB (m)	1,000	2,500	15,500	8,000	9,500
Drilling - Other/Diamond (m)	1,000	6,000	3,000	14,000	24,000
Land holding ('000 ha) *	450	450	450	450	450
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.32	0.00	2.66	2.67	4.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	2.9	2.2	2.4	2.2	2.9
Cash backing (Ac/share)	1.5	1.1	1.4	1.1	1.4
Net asset backing (Ac/share)	4.0	3.9	3.5	3.9	5.0

\*Gold prospective tenements, held and under application.

\*\* FY11 shares assumes nominal A\$4m equity raised.

### Investment Points

EKM's focus is gold and uranium in WA. Exploration budget increasing to ~A\$2mpa, directed to gold.

Strategic position (~5,000km<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.

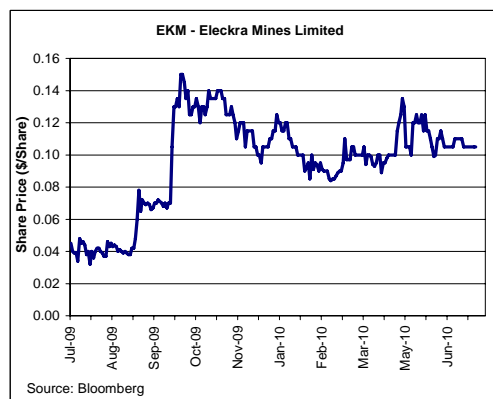
New high grade discovery Central Bore - 800m opened high grade mineralised zone.

We expect initial resource statement for Central Bore Oct '10.

Central Bore could provide the option of a fast track high grade low tonnage operation.

Numerous additional Au anomalies to be targeted.

As resource statement for Central Bore approaches, our six month target range is A\$0.15/share - A\$0.21/share.



### 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 calcrite 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.

At **Yamarna Deeps**: EKM has identified 10 target areas with potential deeper high grade shoots (>10g/t). The first target - **Alaric 2** - produced good high grade intercepts, as did **Khan North**.

**Central Bore ("CB"):** (3.7km E of Attila). CB is the main focus of a 10,000m RC drilling program which started in May 2010. CB is a new high grade vein discovery parallel to Attila-Alaric. CB is shaping up as a significant mineralised zone of at least 800m strike length, and a likely source of higher grade ore. Recent RC drilling (3,930m) produced further high grade intercepts, e.g. 2m @ 41.21g/t and 2m @ 7.72g/t, at the southern end of the now ~800m confirmed strike length. The mineralisation is still open to the south. **New Anomalies:** Soil geochem surveys have identified numerous anomalous gold zones parallel to Attila and CB. In the current 10,000m RC campaign, EKM recently drilled six reconnaissance holes at **Byzantium** (1 km long, only 500m from CB) and 29 holes at **Hann**, a strong 2.8km anomaly only 1.1km from Attila. Initial assay results indicated encouraging gold intercepts at Hann, but this is very early stage, and much further drilling remains to be done in the follow-up RC campaign 2H10.

**Next Steps:** After the success at Central Bore, Hann and Byzantium, EKM is planning a 5,000m RAB drilling campaign in August, testing additional targets along the 17km total resource strike length. Metallurgical testing of CB samples is on-going. We expect EKM to announce an initial JORC resource for CB in 4Q10. A follow-up 7,000m-14,000m campaign is planned in 2H10, focusing on the depth extensions at CB, adjacent Central Bore East anomaly, and further drilling at Hann where initial results are encouraging. This indicates a strong newsworthy in 2H10.

**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 calcrite 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 has been a real revelation for EKM and a potential transformation of the economics of this project. Resource grades could be around 10-12g/t, which brings into focus a possible fast track, low tonnage, high grade production operation. Putting a deal value of A\$0.75/lb on Thatcher Soak, gives a target range between **A\$0.15/share** and **A\$0.21/share** (fully diluted), assuming a 150koz high grade CB inaugural resource. Upper level of this range is more likely as a six month share price target, if grades around 10g/t are confirmed for CB.

### 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 Eq 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
Uranium Resources	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	16.1	0.017	100	2.7	6.2	6.2	

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### Key Projects

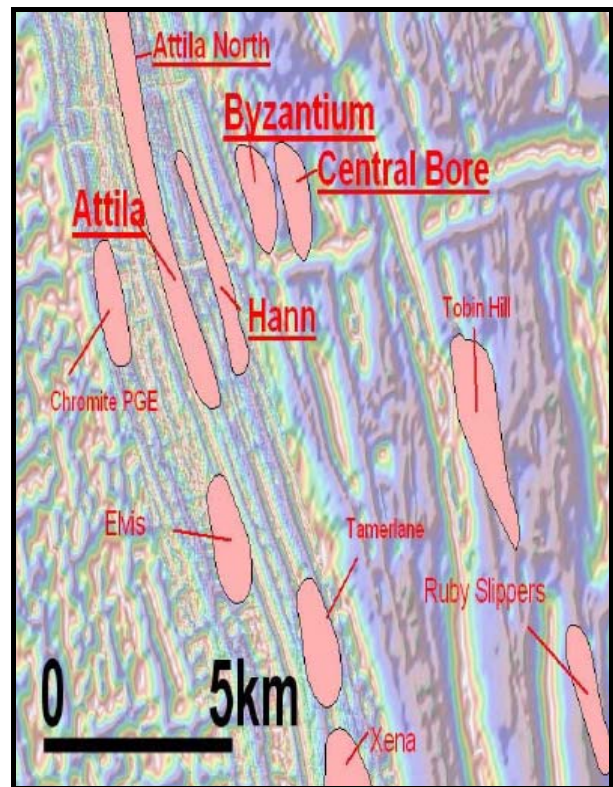
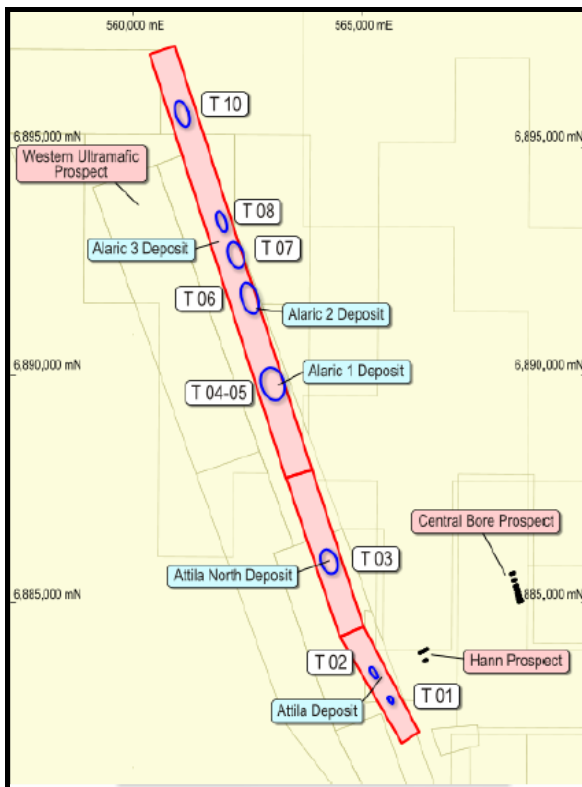
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Attila	100%	Au	none	ox/sulp	heap leach	Adv. Expl.	Aus (WA)
Yamarna - Gold regional	100%	Au	none	ox/sulp	na	Mid Expl.	Aus (WA)
Golden Sands	100%	Au,U	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher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

With Central Bore shaping up as a potential high grade resource, this could provide EKM with the option of a high grade, low tonnage, fast-track operation. This underpins a valuation premium for our Central Bore target resource relative to the current 0.75moz Attila-Alaric resource.

**ELECKRA MINES LIMITED VALUATION**

	Target Gold Resource		Valuation Range	
	Equity	(moz)	Low A\$m	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 0.15moz high grade resource @ A\$75-A\$125oz)	100%	0.15	11.3	18.8
+ Thatcher Soak uranium resource (6.2mlb @ A\$0.75/lb)	100%		4.7	4.7
+ Yamarna Regional Exploration (17km strike length, numerous potential targets )	100%		4.0	6.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		<u>2.0</u>	<u>3.0</u>
<b>Sub Total</b>			29.4	47.4
+ Cash (est Jun '10)			2.2	2.2
- Debt (est. Dec '09)			<u>0.0</u>	<u>0.0</u>
<b>Sub Total</b>			2.2	2.2
<b>EKM NET ASSET VALUE</b>			<b>31.6</b>	<b>49.6</b>
<b>Capital Structure</b>				
Shares (m)			195.8	195.8
Fully Diluted Shares (m)			272.1	272.1
<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>0.15</b>	<b>0.21</b>

The high grade Central Bore discovery is only 3.7km East of the existing Attila resource. Numerous other anomalies within 20km of Central Bore remain to be drill tested. New prospects (Tamerlane, Xena, Tobin Hill) are due to be RAB drilling tested in 3Q10.



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