



## Eleckra Mines Ltd EKM

### High Impact Gold Drilling April/May 2010

#### Investment Drivers

- During April & May 2010, Eleckra will embark on a 7,000 metre RC drilling program. This work has potential to make a substantial positive impact on known tonnage of high-grade gold Resource, along its Yamarna Shear Zone permits within Western Australia's Yilgarn Shield.
- Work will target infill and extension drilling at the high grade Central Bore discovery while testing a coincident, geophysical-geochemical anomaly at the Hann and Byzantium prospects.
- Heap or dump leach processing is being investigated for the oxide component of existing gold Resources, totalling 749,000 ounces at an average grade of 1.78g/t in several deposits, where metallurgical studies indicate reasonable recoveries. Higher grade gold zones could support a toll treatment option at the Granny Smith mill, 150 km southwest, or a stand-alone processing option.
- Eleckra's 6.2 million pounds of low grade, uranium oxide Resources on its portion of the Thatchers Soak deposit could be developed in conjunction with Uranex's neighbouring main zone of the same deposit.
- Eleckra's market capitalisation per ounce of gold in Resource at just \$25/oz looks cheap by comparison with its peers, especially since the company also has 6 million pounds of U<sub>3</sub>O<sub>8</sub> in JORC Resource category.
- Eleckra's management continues to assess new exploration projects and corporate opportunities with the aim of adding value for shareholders.

#### Capital Structure

##### EKM - Capital Structure

Shares	196 m.
Options	75 m. mostly @ 7 c
Share Price	\$ 0.095
Market Cap	\$ 18.6 m.
Cash (est)	\$ 2.6 m.

#### Share Price



#### Opinion\*

Eleckra's management has taken a systematic and professional approach to identify and assess multiple gold and uranium anomalies along its prospective permits.

Drilling 3.7km east of Attila gold deposit in October 2009 found a ~200 metre long zone of very high grade gold at the Central Bore prospect. This work proves the region holds high-grade gold zones on the periphery of a 5 km wide zone of deformation. Smaller daughter shear zones, outlined by geophysical surveys and confirmed by soil sampling, hold promise for additional mineralisation.

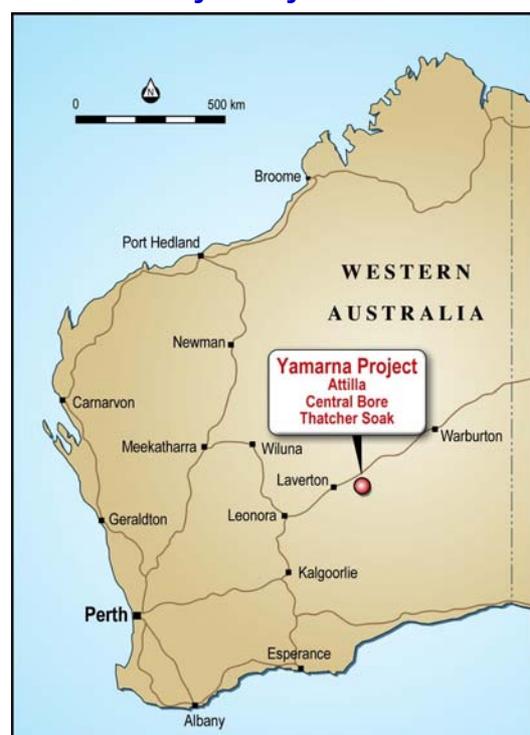
Eleckra's drilling programme in April/May 2010 holds potential to outline new, high grade gold mineralisation at the Hann prospect, adjacent to known gold Resources, while extending high grade mineralisation at the Central Bore discovery. Success is likely to have a significant impact the value of EKM shares:

Despite the low grade nature of its gold Resources, the company appears to be trading at a discount to its peers, especially considering that its permits cover almost the entire Yamarna Greenstone Belt and Yamarna Shear Zone, conferring significant exploration appeal.

Peter Strachan.

\*No recommendation is offered for commissioned research.

#### EKM - Major Project Location



Source: Eleckra Mines

## Introduction

Eleckra holds a dominant license position along one of WA's major, mantle tapping, north-south trending shear zones. After raising \$2.35 million of new equity late in 2009, the company will apply \$500,000 towards a 7,000 metre drilling programme in early 2010. The company presently holds an estimated \$2.7 million of cash which it plans to apply to an exploration effort.

Strachan Corporate reported on Eleckra Mines in August 2009, when it traded at 5 cents per share. Following a report of excellent drill results from its Central Bore gold project, the stock then rose to an intraday high of 23 cents in October 2009. The shares recently subsided to a low of 8 cents. At a price of 9.5 cents, it holds speculative appeal.

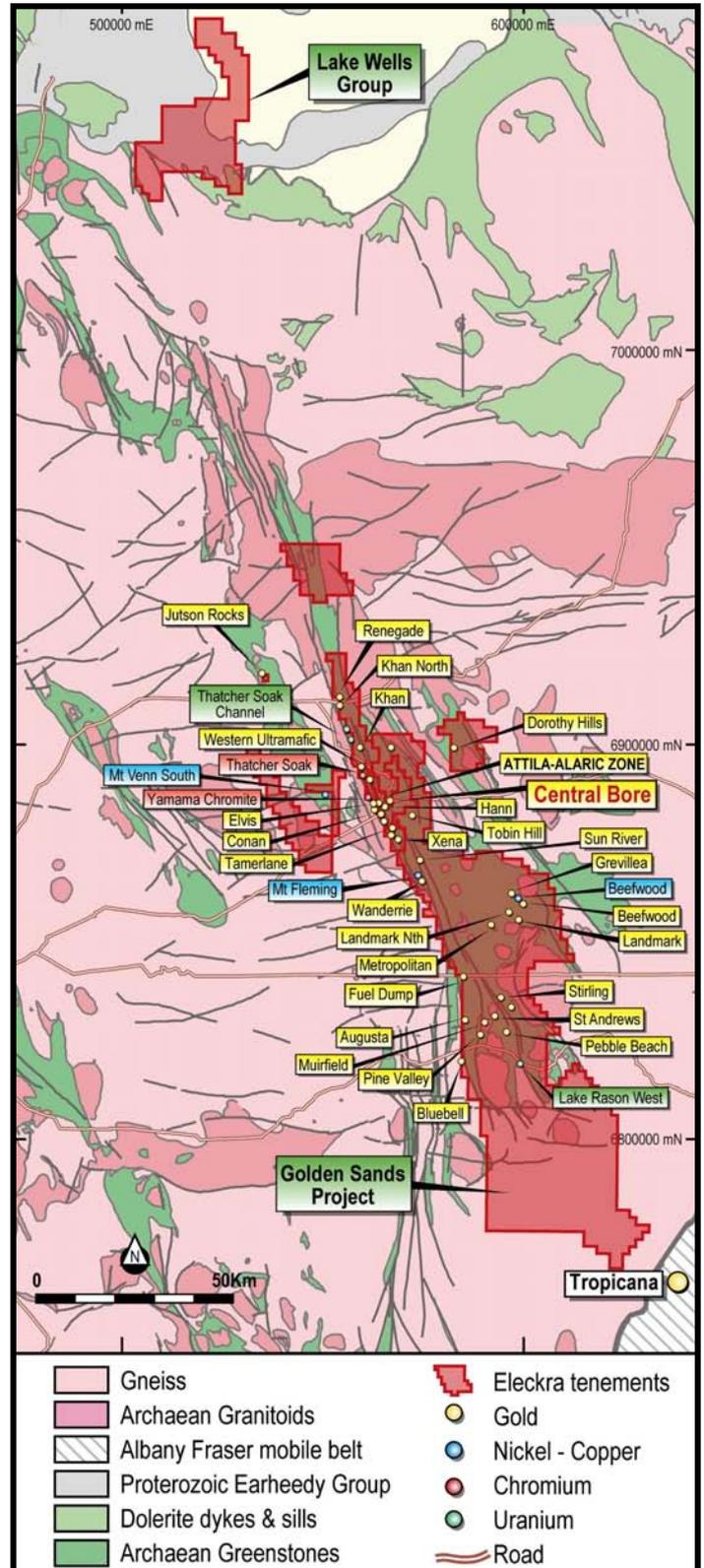
## Gold

Eleckra's permits dominate the entire Yamarna Shear Zone, located in the remote eastern portion of WA's Yilgarn Craton. The Yamarna Shear Zone is a major, deep seated mineralising feature stretching about 500 kilometres in a roughly north-south orientation and running south to the +5 million ounce Tropicana Deposit. This mantle tapping shear is similar to other major systems located to the west, including the Laverton Shear Zone, with over 25 million ounces of discovered gold and the 12 million ounce, Leonora shear zone.

Eleckra has established a 13.1 mt JORC Resource of mineralisation grading 1.78 g/t, containing 749,000 ounces of gold. Metallurgical studies indicate recoveries averaging 93% from this ore type. The low grade oxide portion of this mineralisation holds potential to support a dump leach operation. Metallurgical tests on the recovery dynamics of selected oxide ore samples support the potential for a dump or heap leach operation.

At the southern end of the Yamarna Shear, Eleckra control about 65 kilometres of target rock sequence within 1,100 km<sup>2</sup> of permits in its Golden Sands project. The project area holds considerable appeal for discovery of gold mineralisation below transported cover material. The southern boundary of these tenements is about 25 kilometres north of the +5 moz Tropicana and Havana deposits. Gold anomalism is known at the Augusta and Bluebell prospects at the northern end of the project area within the Yamarna shear zone.

The most prospective mineralisation in the vicinity of the shear zone tends to be associated with cross-cutting physical features creating dilation or jogs within intermediate volcanoclastic rocks which host gold mineralisation. However, gold is found in all types of rock formations within the shear zone. Once prospective zones are identified, geochemical assessment is undertaken by soil survey and shallow RAB drilling followed by deeper RC drilling.



**749Koz of Resources @  
1.78g/tAu**

**Permits extend south  
towards Anglo's  
Tropicana Deposit**

**Budgeted \$500K of drilling in Q2 '10**

Follow-up geochemical soil sampling work has outlined additional gold anomalies along 2.8 kilometres of strike at Hann, indicating the presence of gold mineralisation at depth, close to Central Bore and 1.1 kilometres east of the Attila gold deposit. This work has also defined a 1 kilometre-long gold anomaly at Byzantium, only 500 metres west of the Central Bore high grade gold deposit. The company plans a drilling programme to test the Hann and Byzantium prospects as well as follow-up on work already undertaken at Central Bore.

Central Bore is located adjacent to the main Yamarna tectonic zone. The distinguishing feature of Central Bore is its relatively high gold grade, with intersections such as 4 metres grading 60.9 g/t from 64 metres and 3 metres grading 25.6 g/t Au from 75 metres depth, showing clear potential for a shallow, high grade gold resource. Strachan Corporate believes that the work already undertaken at Central Bore shows potential to outline 60,000 ounces of gold in mineralisation grading about 14 g/t Au, with the mineralisation apparently open down dip and along strike.

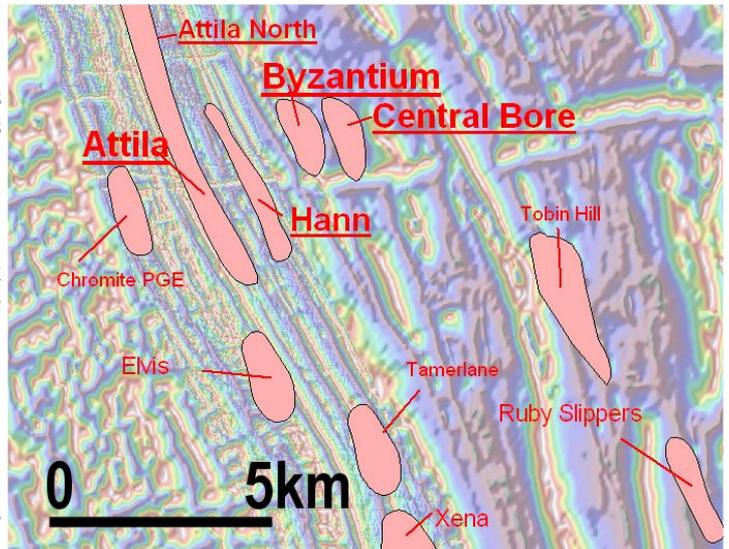
Eleckra's management believes that smaller, daughter shear zones hold the key to outlining higher grade gold mineralisation within a zone of dilation, along this deep seated, major tectonic zone. If sufficient tonnage of high grade ore can be outlined it could be mined and trucked 150 kilometres to the Granny Smith mill for processing.

Positive metallurgical test results support a project to process the oxide component of the company's 19.8 million tonnes of low grade Yamarna ore via a dump or heap leach operation on site however, the discovery of higher grade mineralisation could lead to profitable processing of ore via a large-scale CIP plant, funded at least in part, by toll processing of initial high grade mineralisation.

During April & May 2010, Eleckra plans 7,000 metres of RC drilling on the Hann and Byzantium prospects as well as following up on the Central Bore discovery, plus some diamond drill holes at Central Bore to enable structural interpretation and metallurgical tests to be undertaken. A programme of 5,000 metres of RAB drilling is then planned for June/July to test recent geochemical prospects as well as 7,000 to 14,000 metres of follow-up RC drilling at Hann, Byzantium & Central Bore in September/October 2010.

Eleckra is also exploring possible high grade targets at Alaric 2, north of the Attila deposit as well as further north, along the shear zone at the Khan North discovery. RC drilling during 2009 at Alaric 2 produced results such as **10 metres grading 8.9 g/t** from 52 metres and **2 metres grading 10.9 g/t** from 102 metres, while at Khan North, intercepts of **2 metres grading 8 g/t** from 73 metres and **6 metres grading 2.6 g/t** from 80 metres show broader potential for a significant tonnage of higher grade mineralisation.

**Eleckra Prospect Map Showing Hann Byzantium & Central Bore**

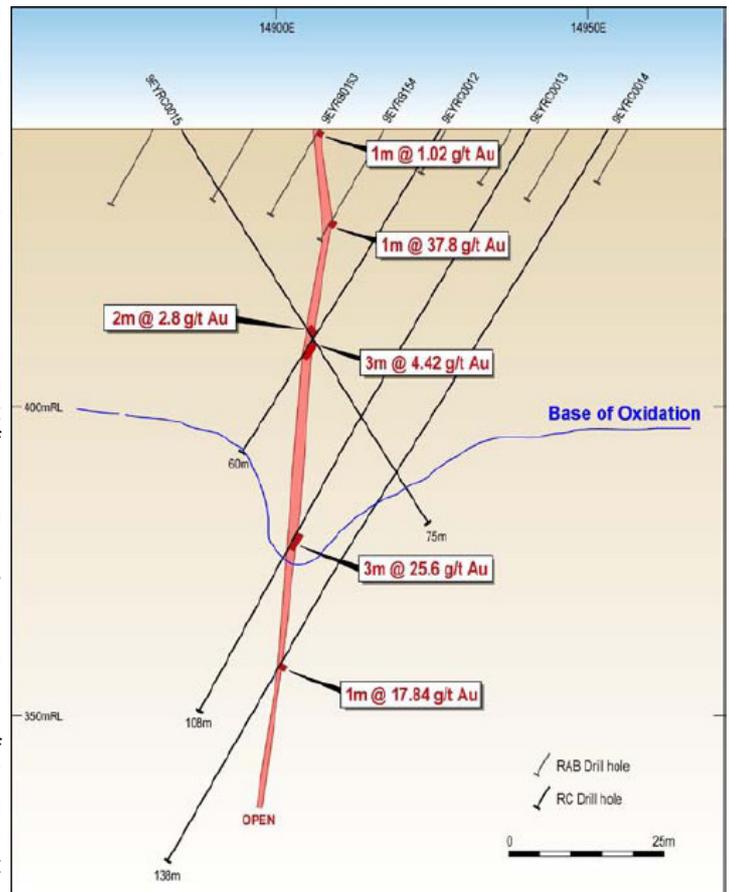


Source: Eleckra Mines

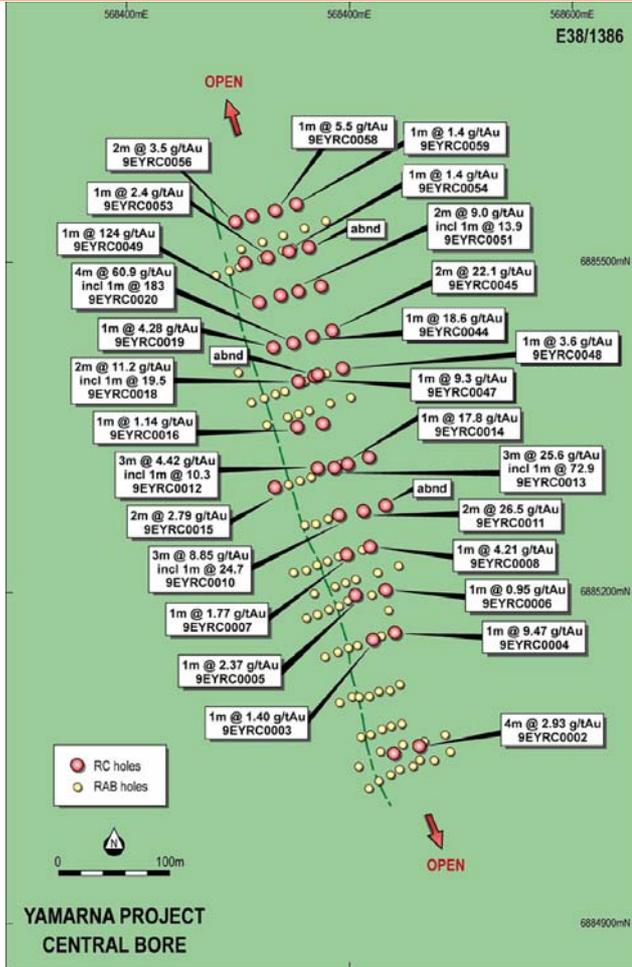
**Large, underexplored permit area**

**Active drilling at Hann**

**Central Bore Cross Section**



Source: Eleckra Mines



During the June quarter of 2009, the company outlined the Central Bore prospect as a new target, located about 2 kilometres east of the main shear zone, line of mineralisation, which contains the Attila deposit. Intercepts such as:

- **4 metres grading 4g/t Au from the surface and**
- **4 metres grading 14.1g/t Au from 16 metres,**

held promise for what was to be outlined in the September '09 drilling.

Additional results from the September 2009 work include:

- 4 metres grading 60.9 g/t Au** from 64 metres including **1 metre at 182.8 g/t Au**
- 1 metre grading 48.4 g/t Au**
- 1 metre grading 11.0 g/t Au**
- 1 metre grading 124 g/t Au** from 35 metres
- 3 metres grading 25.6 g/t Au** from 75 metres including **1 metre at 72.85 g/t Au**
- 2 metres grading 26.5 g/t Au** from 100 metres including **1 metre at 41.99 g/t Au**
- 2 metres grading 22.1 g/t Au** from 152 metres including **1 metre at 33.0 g/t Au**
- 3 metres grading 8.85 g/t Au** from 57 metres including 1 metre at **24.7 g/t Au**
- 2 metres grading 11.2 g/t Au** from 46 metres including **1 metre at 19.5 g/t Au**

Work during 2009 shows great promise for the identification of additional higher grade mineralisation at the Elvis, Hann and Central Bore prospects, for which the company now has a firm budget for follow-up drilling during 2010.

## Uranium

Eleckra owns a part of the shallow, low grade Thatcher Soak, calcrete uranium deposit, along with additional uranium targets on its Yamarna Greenstone Belt. Eleckra's portion of the deposit has a resource of 16.1 mt grading 174 ppm U<sub>3</sub>O<sub>8</sub>, containing 6.2 million pounds of uranium oxide. Neighbouring permit holder Uranex NL is presently preparing a scoping study for its majority of the Thatcher Soak deposit, which totals about 20 million pounds of contained uranium oxide. An encouraging result from Uranex's work would enhance the value of Eleckra's adjacent mineralisation. Strachan Corporate believes that ultimately, development at Thatcher Soak is likely to be undertaken in some form of joint venture.

**6.2 mlb of U<sub>3</sub>O<sub>8</sub>**

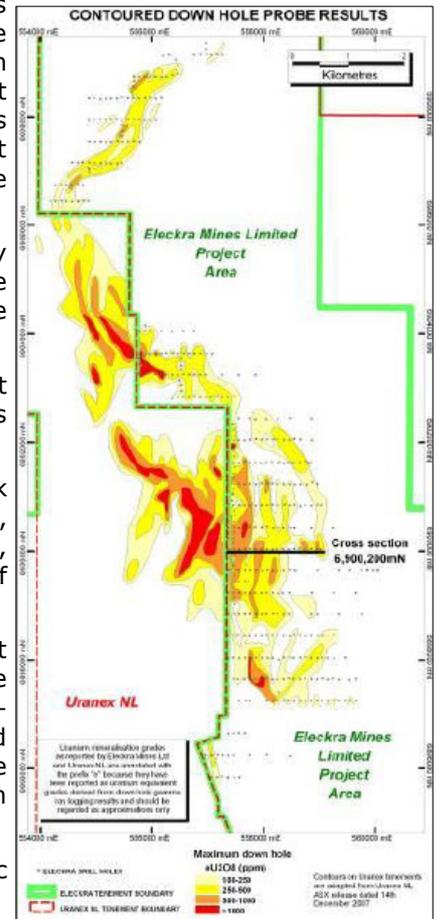
Recent drilling includes intersections commencing virtually from the surface, such as 2 metres grading 808 ppm e U<sub>3</sub>O<sub>8</sub> and 2.2 metres grading 758 ppm eU<sub>3</sub>O<sub>8</sub>, offering the potential for a higher value sections of mineralisation.

Eleckra holds other uranium-prospective tenement comprising the Lake Wells and Lake Rason, where it plans systematic exploration programme during 2010.

At a uranium oxide price of US\$40/lb, Thatcher Soak mineralisation has an insitu value of around A\$17/tonne, which would provide a challenge for commercial production, but higher grade zones show potential to treat pockets of mineralisation with an insitu value of over A\$70 per tonne.

Parts of Eleckra's southern, Golden Sands permit area, sit within the Officer Basin and hold potential for both calcrete and Mulga Rock type sandstone/lignite and unconformity-associated uranium targets within the Lake Rason and Lake Wells paleo drainage systems. The tenements are also considered to be highly prospective for uranium mineralisation.

The company plans to conduct field checks of radiometric anomalism during 2010.



**Low grade**

**Exploration appeal on edge of the Craton...**

**...and sedimentary basin**

## Valuation & Peer Group Ranking



Source:Strachan Corporate

Ranking gold producers and developers on the basis of their market capitalisation per ounce of gold held in Resources is a good way to detect possible anomalism in the way the market is valuing a gold development company. Gold Producers tend to be priced at over A\$150 per ounce of gold held in Resources. High margin, low cost operators with long life reserves attract the largest premium, thus Dominion, Newcrest and Lihir are priced on high dollar multiples of their Resources. Companies that have strong leverage to exploration success, or those that are well funded such as Ramelius and Avoca, are also ranked highly. Pure exploration companies, or those with short mine lives and high costs, tend to attract a value of less than A\$80 per ounce of Resources held.

Eleckra looks cheap on this metric. The company's gold Resource is remote from infrastructure and low grade in nature, which contributes to its poor rating by the market.

A quick value ranking method involves assessing recoverable, mineable gold Reserves, applying the current gold price, after subtracting total estimated capital and operating costs, royalties, taxation and hedging gains or losses, along with net debt and after valuing any other significant assets.

In Eleckra's case, Strachan Corporate applies a gold price of A\$1,250/oz to an estimated, shallow oxide Reserve of 174,000 ounces, which it assesses on the basis of a heap leach operation, recovering 70% of the contained gold at a capital cost of \$26 million and an operating cost of A\$700/oz and adds 60Koz of toll milled gold for recent high grade success. After allowing a value of \$1.50/lb, or \$9 million for the company's uranium Resource, this formula produces a target value of \$37 million or 14 cps on a fully diluted basis, which is a 47% premium to the current market price for EKM shares.

Even if the company's uranium interests are considered to be valueless, the formula delivers a fully diluted target value of 10.5 cents per share, which compares favourably with the current share price of 9.5 cps.

In addition to any value calculated for possible exploitation of a potential gold reserve, which Strachan Corporate estimates to sit within known mineralisation, the company should also have some risk adjusted, speculative value for its exploration upside. Eleckra's almost total control over permits covering the entire Yamarna Greenstone Belt has an intrinsic value which is hard to value, especially without a secure funding source in place. Strachan Corporate believes that if the company's upcoming exploration programmes continue to demonstrate potential for commercial gold, uranium or nickel mineralisation, then funding should not be a problem in a market which is apparently keen to search for the next big discovery.

**Ranking methods reveal EKM to be a cheap option**

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