

Eleckra Mines Ltd (ASX: EKM)

Mkt Cap: A\$82.1m

Action: BUY

Investment Type: Speculative

Risk Rating: High

Key Words: Eleckra Mines, EKM, gold, Yamarna, Central Bore

FAT-MIN-250

BUY

241110

Initiation of Coverage

Company Description:

Eleckra Mines Limited ("Eleckra, Company") was listed on the ASX on 4 July 2006. The Company owns 100% of the Yamarna Gold Project, a sizeable tenement package totalling approximately 3,200km², covering the majority of the Yamarna greenstone belt. Eleckra's prospective uranium tenement portfolio around the Yamarna region covers an additional area of approximately 900km². Yamarna is located on the eastern margin of the Archaean Yilgarn Craton in WA, 900km north-east of Perth and 140km east of Laverton. The Yilgarn Craton hosts numerous world class gold ore bodies and accounts for more than half of Australia's 8 million oz annual gold production.

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Differentiated by a large ground position in Western Australia

Eleckra Mines Ltd is exploring for gold in the eastern margin of the Archaean Yilgarn Craton region in Western Australia. The company's tenements cover approximately 3,200km² of the Yamarna Belt. The Yamarna Belt is a region of greenstone rock to the north of the highly prospective Laverton Belt, where to date some 25 million ounces of gold have been produced. The geology of the Yamarna Belt appears to be consistent with other greenstone belts contained in the Yilgarn Craton. The Yamarna Belt has been largely under-explored as the belt was considered to be too young to contain possible mineralisation anomalies. The Geological Survey of Western Australia, a Division of the Department of Mines and Petroleum in October this year completed an assessment of the Yamarna Belt, which has changed industry views on the region.

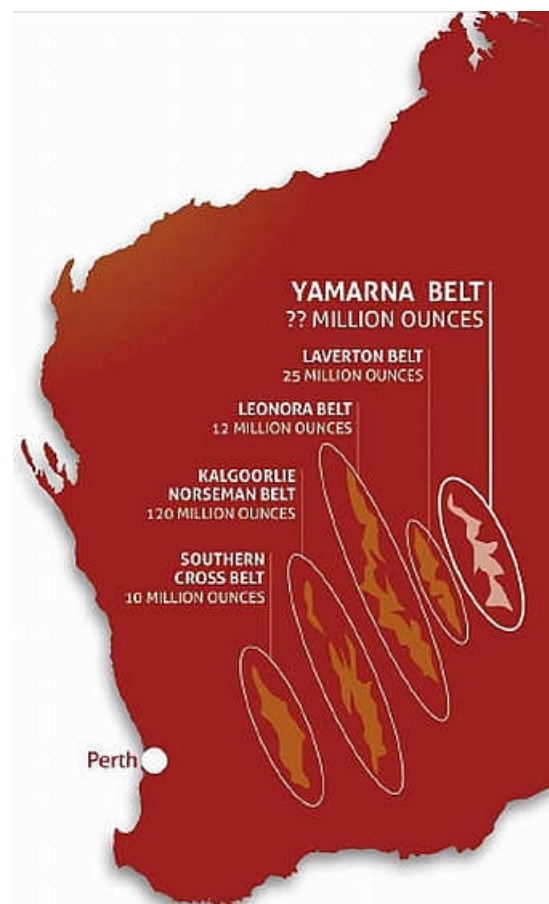
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<EKM_Yarmarna_Region_000010>



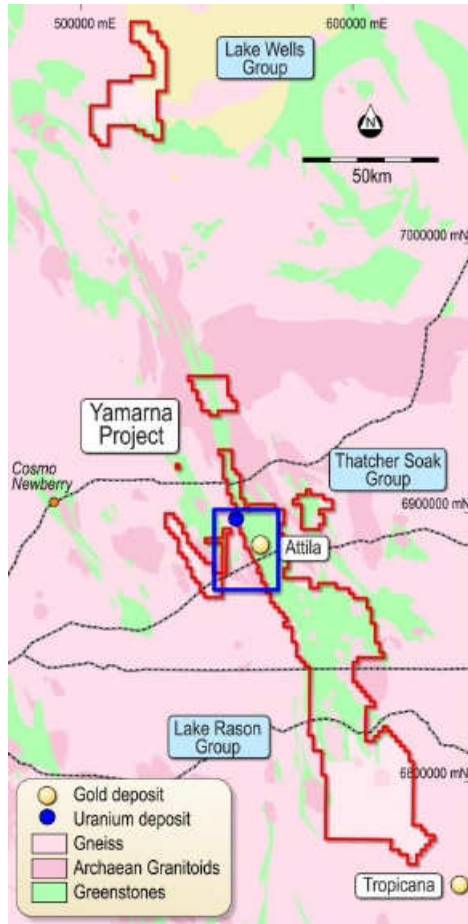
A recent geological survey was conducted by the GWSA on the Yarmarna Belt. **The study concluded the belt, especially the north eastern section was in fact similar in age and characteristic to the highly prospective Kalgoorlie gold region.**

The Yamarna Belt is an approximate 500km shear zone of greenstone rock. Eleckra has drilled some 11,000 metres at its Central Bore prospect and has now identified a mineral resource of 13.13 million tonnes showing 1.78g/t gold or 749,000 ounces of gold. Drilling has enabled Eleckra to categorise the resource into measured of 5.03 million tonnes showing 1.75g/t gold (283,000 ounces), indicated of 3.74 million tonnes showing 1.75g/t gold (211,000 ounces) and

inferred of 4.36 million tonnes showing 1.82g/t gold (255,000 ounces).

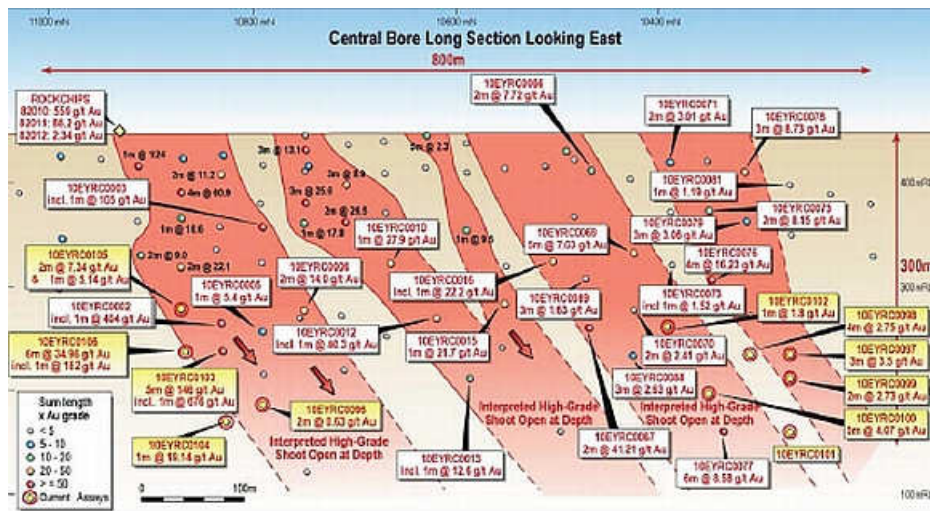
Although, this region is a greenfields for gold exploration the geology of the region does appear to be highly prospective. The following figure shows the Yamarna Project.

<EKM_Yarmarna_Project_000010>



Eleckra is in the middle of a drilling programme of some 7,000 to 10,000 metres, with a focus on its Justinian and Central Bore Trend prospects. Early assaying results from its Central Bore prospect have been very encouraging, with the best results being, six metres at 35g/t gold from 237 metres down including one metre at 182g/t, five metres at 4.07g/t gold from 274 metres down and three metres at 3.5g/t gold from 233 metres down. Further drilling will be undertaken over the remainder of 2010 to expand the current joint ore reserve code (JORC) resource. The following figure shows the mineral deposit at Central Bore.

<EKM_CentralBore_241110>



The Central Bore deposit is open at depth, which the company is currently exploring to better define the resource. The company has indicated it hopes to announce a maiden JORC resource for its Central Bore prospect, by late calendar 1Q11, after assay results from the current drilling programme are received.

The company has only just released (11 November 2010) the first assay results from Justinian, these were also very encouraging, with the best being, seven metres at 27.21g/t gold from 69 metres down including one metre at 102g/t, eight metres at 4.05g/t gold from 63 metres down and five metres at 2.5g/t gold from 50 metres down. Further drilling will be undertaken once all the assay results from the current drilling programme are to hand to determine an appropriate new drilling programme at Justinian. The company expects these results will be available in December 2010.

To add to the company's recent exploration success, two holes have been drilled at its Elvis and Granodiorite South prospects with the best results showing one metre at 0.6g/t gold from 45 metres down, within a zone of six metres of 0.1% copper from 40 metres down. Exploration work at each of these prospects is in its infancy, however, the mineralisation showing is encouraging. The company has indicated other copper and gold anomalies have been identified along the strike.

The following table shows the current JORC resource details.

Mineral Resource		At 1.0g/t cut-off	
Category	'000 tonnes	Grade g/t gold	Ounces
Measured	5,027	1.75	283,000
Indicated	3,745	1.75	211,000
Inferred	4,356	1.82	255,000
TOTAL	13,128	1.78	749,000

Results from the recent drilling programme have yet to be translated into the JORC resource numbers. We are expecting the resource numbers to increase and be accompanied by an improvement in the grades. **We are excited by the early success Eleckra is having with drilling and assaying results, and the likelihood of an expansion in JORC resource numbers coming through.**

<share price charts and comments>



After reaching an all time high of 55 cents on November 10, Eleckra has sold off sharply. This was in line with the overbought conditions on the RSI as highlighted by the yellow ellipse.



The broader term up trend remains firmly in place, which presents a buying opportunity. Solid support is located at the 31 cents level marked by the blue horizontal line. In addition a notable pick up in volume represents buying pressure at current levels. A sustained break above the November 19 high of 43 cents would likely result in a swift move higher targeting the all time high.

A good time to buy a speculative explorer is before too many runs are on the board and the share price races away. Now is the time to consider Eleckra Mines. The stock is highly speculative in nature but having a nibble now shouldn't hurt.

Eleckra Mines Ltd is recommended as a SPECULATIVE BUY for all Members at around A\$0.36.