

Eleckra Mines Limited

A Gold IPO Consolidating an Underexplored Belt

Date
3 July 2006

ASX Code
EKM

Issued Capital (Fully Diluted)
58.1m Shares (64.6m)

Management
Richard Revelins (Non-Exec Chairman)
Richard Harris (Managing Director)
Russell Davis (Exploration Director)

Top Shareholders (Pre-IPO)
Yamarna Goldfields Ltd (14.7%)
Russell Davis (14.7%)
Richard Harris (11.7%)

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Eleckra Mines Limited (“EKM”, “Company”, “Eleckra”) has raised \$6m via the issuing of 30m shares at 20 cents each, and is scheduled to list on the ASX in early July 2006. The Company plans to explore for gold primarily at the underexplored Yamarna project, located in the eastern part of the Yilgarn Craton of Western Australia. The Yilgarn Craton currently supplies more than half of Australia’s 8moz of annual gold production.

Investment Highlights

Yamarna

The Yamarna Project covers approximately 3,300km² and has a strike length of 180km along the Yamarna Greenstone Belt. The project currently contains gold resources of 12.6mt at 1.8 g/t Au for 740koz (see Table 2 on page 3 for details). The Company aims to discover additional high-grade gold mineralisation that may justify a mining operation when combined with the existing resource. Eleckra believes that the Yamarna greenstone belt is the most under-explored greenstone belt in Western Australia due to the remote location and fractured ownership of the belt. The project also contains a portion of the Thatcher Soak calcrete-hosted uranium deposit which Eleckra plans to drill test.

Darkan

The Darkan Project is 60km southeast of the 19.6moz resource Boddington gold project. Eleckra has interpreted a fault zone spatially related to the Boddington deposit that passes through the Darkan tenement application. The project area is under-explored with little previous exploration for gold or base metals.

Exploration Strategy

The company has a three phase exploration strategy:

- **Greenfields Exploration** - EKM’s primary focus will be to explore for gold deposits that are of sufficient quality to be developed. Currently the Company has in the order of 15 promising structural and geochemical targets that warrant drill testing.
- **Resource Addition** – EKM plans to build on the current resource base at Yamarna to justify mine development via infill and extensional drilling of high grade positions within the Attila/Alaric resource area and the Khan North and Breelya prospects.
- **Farm out non-core commodities** - The Company believe that the Yamarna project is prospective for uranium, nickel, copper, chromite and platinum group elements (PGE’s). Eleckra plans to farm out the rights to these commodities allowing the Company to focus on gold exploration.

Summary of the Offer

Eleckra has issued 30m shares at 20 cents each to raise \$6m before costs, (Table 1). The purpose of the Offer is to raise funds to:

- acquire and explore the Yamarna and Darkan tenement packages;
- provide adequate working capital to maintain the Company's core activities;
- satisfy maintenance costs of the tenements; and
- satisfy the Company's anticipated short to medium term working capital requirements.

The Directors of the Company have 6,500,000 Options which are exercisable at 20 cents each on or before 31 March 2011.

Hartleys was Broker to the Offer.

Table 1 – Gross Proceeds Raised

	Subscription
Number of Shares currently on issue	16.95m
Number of new Shares to be issued to acquire Yamarna Projects	10.15m
Number of new Shares to be issued to the Broker to the Offer	1m
Number of new Shares offered	30m
Total Shares on issue post Offer	58.1m
Offer price per Share	\$0.20
Gross proceeds from the Offer	\$6.0m
Market capitalisation at Offer price	\$11.62m

Source: Eleckra Mines Limited

Background

Eleckra has raised \$6 million to explore for gold at the Company's Yamarna and Darkan projects in the Yilgarn Craton of Western Australia (Figure 1).

The Yamarna project contains combined Measured, Indicated and Inferred gold resources of 12.6Mt at 1.8 g/t Au for 740koz. The Company has also recently been granted an exploration licence at Darkan, 60km southeast of the Boddington Gold Mine.

Projects

Yamarna

Location and Geology

The Yamarna gold project is located 140km east of Laverton and 900km northeast of Perth in Western Australia on the eastern margin of the Archaean Yilgarn Block.

The Yamarna project is comprised of three groups of tenements (Figure 2) which represent different phases of tenement acquisition by Eleckra. The tenements cover approximately 3,300km², with a strike length of approximately 180km along the Yamarna Greenstone Belt.

Figure 1: Eleckra Mines Limited Project Locations



Source: Eleckra Mines Limited

The three projects are:

- **Yamarna North:** 56 tenements which cover 1,200km² and include the granted mining leases over the Attila and Alaric gold resources. Eleckra has an agreement to purchase the interests of both Asarco Exploration Company Inc (Asarco) and Yamarna Goldfields Limited (Yamarna Goldfields) for a combined 100% interest in the Yamarna North tenements.
- **Yamarna South:** Eleckra has entered into an agreement with Terra Gold Mining Ltd (Terra), a wholly owned subsidiary of GBS Gold International, to acquire its 100% interest in 14 tenements totalling 1,630km².
- **Eleckra exploration tenements:** Eleckra holds a 100% interest in four exploration licence applications totalling 540km².

Previous exploration

The Yamarna area has been the subject of previous exploration for a range of commodities including gold, chromite, platinum group elements (PGEs), copper, nickel and uranium. The area was the focus of uranium exploration during the 1970's.

Yamarna North

Gold was first discovered in the Yamarna district in the early 1980's during exploration for PGEs.

Consequent follow up and exploration programs by a number of explorers led to the definition of the Attila deposit by Zanex NL (Zanex) in the mid 1990's in the Yamarna North area. Zanex (now Yamarna Goldfields Limited) commissioned a pre-feasibility study on the deposit that concluded that additional resources were required to justify development. Asarco farmed into the Zanex tenements in mid-1997 with the aim of locating sufficient additional higher grade resources. The principal exploration targets were the strike extensions of the Attila shear zone into the extensive untested areas to the north and south of the deposit. The joint venture completed airborne magnetic and radiometric surveys; ground magnetic and IP geophysical surveys; soil and rock chip sampling; and RAB, aircore, RC and diamond drilling.

Yamarna South

Between the late 1980s and 2005, reconnaissance and follow-up exploration for gold by various companies over the Yamarna South tenement package identified numerous gold anomalies.

Mineral Resources

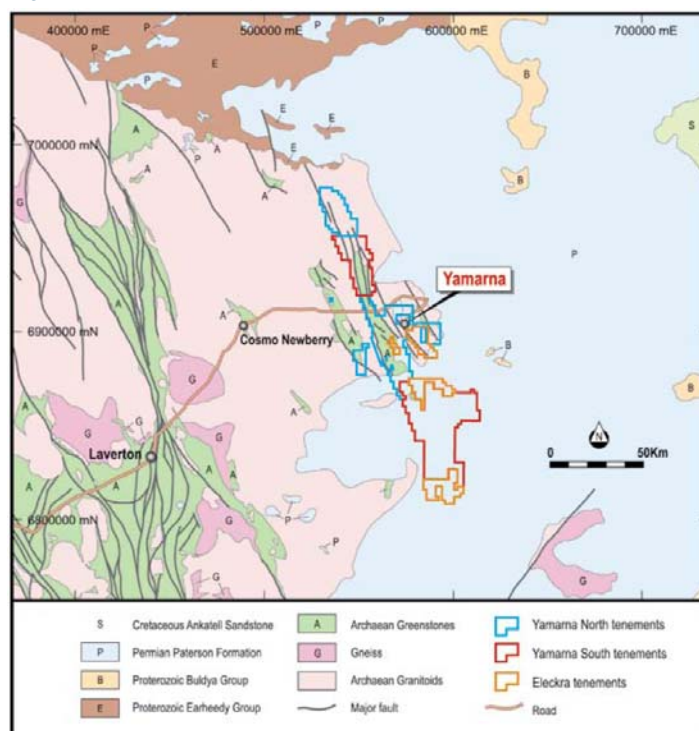
Previous exploration in the Yamarna North group of tenements has outlined 740koz of resources (Table 2). The resources occur in several deposits located within a 14km strike length of the Attila-Alaric line of mineralisation (Figure 3).

Table 2 – Resources at 1.0 g/t Au Cut Off

Category	Tonnes (kt)	Grade (g/t)	Ounces (koz)
Measured	2,380	1.73	132
Indicated	4,300	2.10	290
Inferred	5,900	1.70	310
TOTAL	12,600	1.80	740

Source: Eleckra Mines Limited

Figure 2: Yamarna Project Location



Source: Eleckra Mines Limited

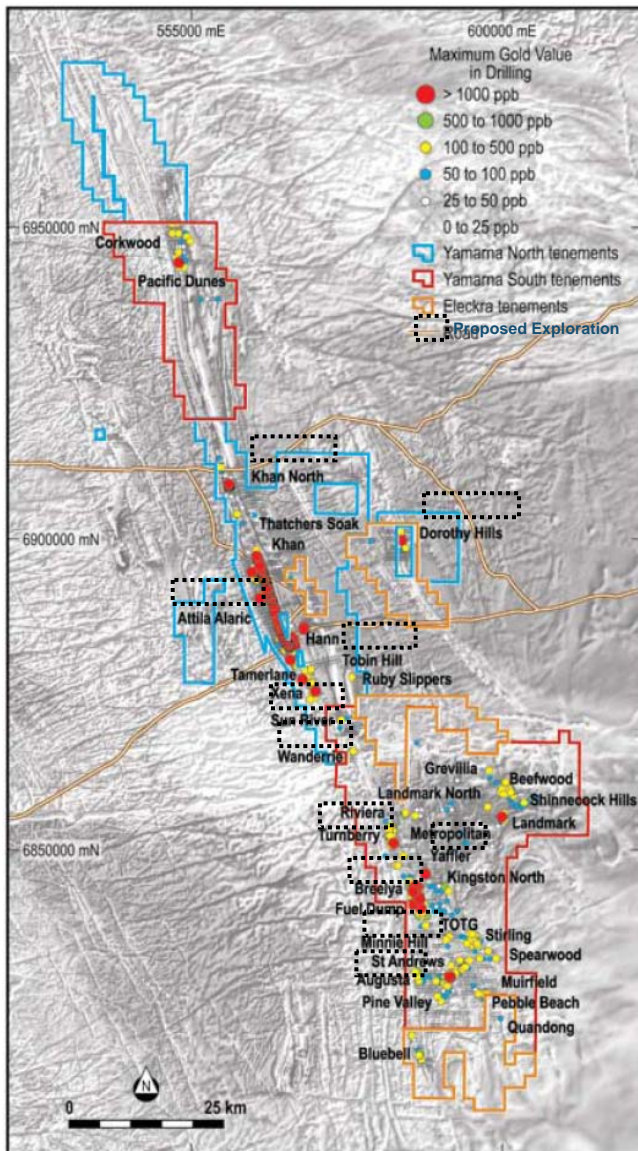
Proposed Exploration Strategy and Program

The Company’s objective at the Yamarna Projects is to locate additional higher grade gold resources, which may justify a viable mining operation when combined with the existing identified resources. Eleckra believes that the Yamarna greenstone belt is the most under-explored belt in Western Australia due to its remoteness, surficial cover and fractured ownership. Exploration to date has only partially covered the tenements (Figure 4).

There are a number of prospects outside the defined resource area of the Attila-Alaric trend with significant drill intercepts. Most of the Yamarna Shear Zone has only received shallow reconnaissance drilling with substantial sections not tested. From the limited work completed, EKM believes the shear zone is mineralised over an extensive strike length.

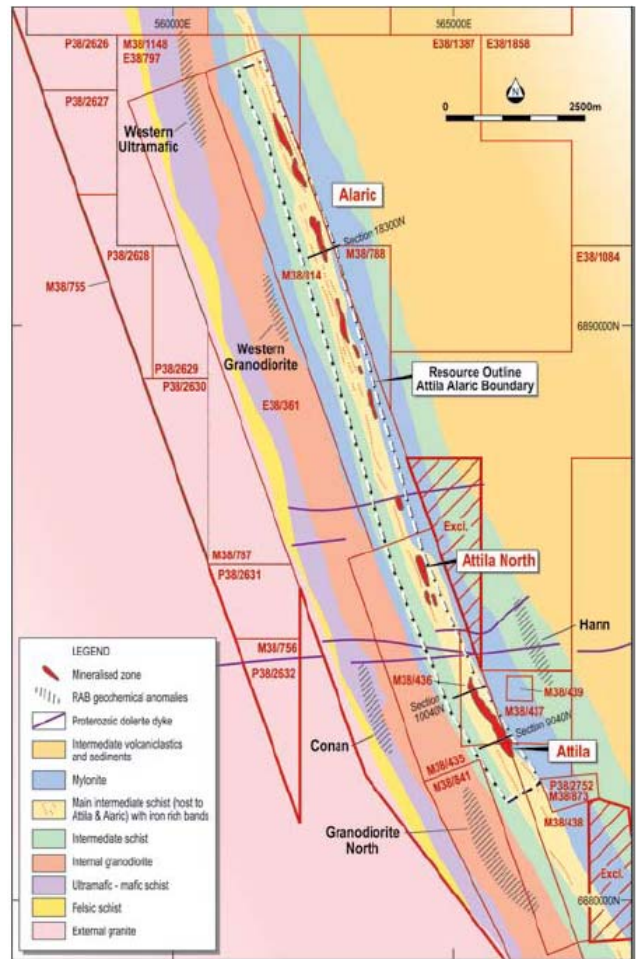
As well as the anomalies along the Yamarna Shear Zone, several large gold anomalous zones have been outlined elsewhere in the belt from reconnaissance soil sampling, RAB and aircore drilling.

Figure 4: Yamarna Project Gold Anomalism



Source: Eleckra Mines Limited

Figure 3: Yamarna Project Resources



Source: Eleckra Mines Limited

Eleckra plans to focus exploration on:

- RC Drilling at Attila North, Alaric, Khan North and Breelya/Minnie Hill;
- Infill/targeted RAB and aircore drilling at Augusta, Turnberry/Yaffler, Tobin Hill/Central Bore, Dorothy Hills, Kingston Heath, Wanderrie and Sun River; and
- Reconnaissance RAB and aircore drilling at the Yamarna Shear Zone and Mount Venn.

A portion of the Thatcher Soak calccrete-hosted uranium deposit and extensions of the anomalous drainage channel are contained within the Company’s tenements. The main part of the Thatcher Soak mineralisation is currently the focus of Uranex NL. Eleckra has planned an aircore drilling program to test the extent of this mineralisation on the Yamarna Project.

Darkan

Location and Geology

The Company has recently been granted exploration licence E70/2732. The tenement is 60km southeast of the Boddington gold project, a large undeveloped gold deposit with resources of

Figure 5: Darkan Project Location



Source: Eleckra Mines Limited

19.6moz (Figure 5). E70/2732 covers approximately 190km².

The Boddington deposit occurs in the Saddleback greenstone belt. The deposit is interpreted to be intrusion related and structurally controlled and is close to a major southeast trending fault zone. EKM has interpreted this fault zone to extend southeast out of the greenstone belt and through E70/2732. The fault displays structural dislocations and flexures, which will provide the initial focus for Eleckra's exploration

Previous exploration

Little previous exploration for gold or base metals has been reported within the tenement area. The majority of previous work involved exploration for kaolin.

Proposed Exploration Strategy and Program

EKM's anticipated exploration approach for the first two years will be to assess the fault for gold mineralisation. Eleckra plans to review previous exploration data, followed by mapping, soil and rock chip sampling programs.

Proposed Budget

Eleckra intends to focus most of its \$3.7m exploration budget on Yamarna (Table 3). Eleckra may modify the budgets depending on exploration results, particularly for Year Two expenditures as they are dependent on the outcomes of Year One programs.

The planned exploration budget summary is detailed in Table 3.

Table 3 – Proposed Exploration Budget

Project	Year 1 (\$m)	Year 2 (\$m)	Total (\$m)
Yamarna	\$1.79	\$1.79	\$3.60
Darkan	\$0.06	\$0.06	\$0.12
Total	\$1.85	\$1.85	\$3.70

Source: Eleckra Mines Limited

As part of its exploration strategy Eleckra will seek to JV non-gold commodities to leverage 3rd party expenditures on the tenements. As exploration is advanced, EKM is likely to relinquish some tenements that it perceives to have limited exploration potential.

Other

Pastoral Lease

Eleckra intends to acquire a pastoral lease pursuant to the Yamarna North Acquisition Agreement, which covers approximately 1,400km². The acquisition of the lease, which comes with livestock, will help facilitate access for the Company's exploration activities.

Hartleys Corporate Directory

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Hartleys Recommendation Categories

Strong Buy	Significant share price appreciation anticipated
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but is considered high risk
Accumulate	Buy in periods of weakness
Hold	Take no action
Reduce	Sell in periods of strength
Sell	Significant price depreciation anticipated

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Hartleys has completed a capital raising in the past 12 months for Eleckra Mines Limited ("Eleckra"), for which it received fees. Hartleys has also provided corporate advice within the past 12 months and continues to provide corporate advice to Eleckra for which it expects to receive fees. Hartleys is appointed as Broker to the Offer in respect of the Eleckra initial public offer, for which it expects to receive fees. Hartleys has a beneficial interest in 1,000,000 EKM shares.

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