

JINDALEE RESOURCES

INVESTOR PATIENCE PAYS OFF

Junior explorer Jindalee Resources rewarded investors for eight years of loyalty by returning more than half the \$A33.4 million windfall from the sale of its stake in Energy Metals.

IN LATE MAY JINDALEE announced a 55c fully franked dividend, which means a return of just over \$19 million for shareholders.

The company accepted a proportional takeover offer by China Uranium Development Company, a subsidiary of CGNPC Uranium Resources, for its holding in uranium junior Energy Metals last year, selling 70% of its shares for \$1.02 cash per share and retaining a 14 million shareholding in the company.

Energy Metals, which floated in September 2005 following a 25c initial public offering, is a dedicated uranium exploration company formed as a "spin-off" from Jindalee in July 2005.

Energy Metals controls nine projects, covering an area of more than 4000 square kilometres, located in the Ngalia Basin in the Northern Territory and in Western Australia. Six of the projects contain uranium mineralisation discovered in the 1970s.

Initial exploration has concentrated on the Bigrlyi Project in the Northern Territory, which is 53.7% -owned by Energy Metals, where previous drilling returned relatively high-grade intercepts with excellent metallurgical recoveries.

The uranium mineralisation at Bigrlyi is accompanied by economically significant vanadium values. At a cut-off grade of 250 parts per million uranium oxide, the

published Bigrlyi resource (indicated and inferred) totals 28.8 million pounds of uranium oxide and 36.8Mlb of vanadium oxide.

In mid-April Energy Metals announced an initial inferred resource of 7Mlb uranium oxide, at 100ppm uranium oxide cut-off, at its 100% -owned Cappers prospect, located 150 kilometres southeast of Bigrlyi. The mineralisation at Cappers is calcrete hosted and occurs within 10m of the surface.

Jindalee managing director Lindsay Dudfield told *RESOURCESTOCKS* since Energy Metals floated, Jindalee has been trading at a significant discount to its liquid assets, occasionally up to as much as half the value of the company's cash and shares.

"We've been saying now for two or three years this situation was unsatisfactory and that we were going to do something about it," Dudfield said.

"Obviously monetising 70 per cent of our Energy Metals investment as a result of the takeover by CGNPC was a significant step to getting some value back into the share price, but there is no point sitting on the cash. We've been telling shareholders that we were going to reward them for their patience and we've kept our word."

While Jindalee no longer has direct uranium exploration interests, it maintains indirect exposure to uranium through investments

in Energy Metals and Uran. The company holds about 2.5 million shares in Uran, a company focused on advanced uranium projects in the US and eastern Europe.

Jindalee Resources also holds a number of other gold, iron ore and base metal assets in WA, eastern Australia and the Northern Territory. It is also a joint venture partner with Alchemy Resources on the Murchison Gold Project, which comprises more than 600sq.km of prospective greenstone. Jindalee's 20% interest is free carried to completion of a bankable feasibility study.

The company holds 9.8 million Alchemy Resources shares, providing Jindalee shareholders with exposure to Alchemy's Hermes gold and Magnus copper-gold projects, located 120km northeast of Meekatharra.

Jindalee has a similar arrangement with Anchor Resources, in which it holds more than 2 million shares and is one of the company's largest shareholders.

Anchor is exploring a portfolio of projects located in eastern Australia that are prospective for gold, antimony, copper and base metals.

Jindalee also has a couple of 100% -owned gold and base metals projects.

The Burtville East gold project is located 41km east-southeast of Laverton in the northeastern Goldfields of WA and 9km southeast along strike from A1 Minerals' 134,000-ounce Brightstar Alpha deposit.

The Laverton district is host to several of the Goldfields' largest gold deposits, including AngloGold's Sunrise mine and Barrick Gold's Granny Smith operations.

The company's Bow River copper

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LINDSAY DUDFIELD
JINDALEE RESOURCES

and nickel project is located in the East Kimberley region, 80km south of Kununurra and 60km northeast along strike from the Savannah nickel mine.

Previous drilling at Bow River intersected massive sulfides with a number of significant copper and nickel intersections, including 3.12m at 1.45% nickel and 0.47% copper, and 11.5m at 1.2% copper and 0.5% nickel.

Dubbed a “quiet achiever” by Dudfield, Jindalee has achieved a great deal since it listed in July 2002, but much of the company’s exploits have passed by without too much fuss.

That perhaps has changed with investors reacting favourably to the dividend, which saw Jindalee’s share price reach as much as \$1.44 by mid-June.

One of the company’s most significant achievements to date, according to Dudfield, was its swift action in identifying uranium as an overlooked commodity that looked like it was going to be re-rated in Australia.

“We moved very quickly in late 2004 to secure very strong land positions and continued to work



While Jindalee no longer has direct uranium exploration interests, it maintains indirect exposure to uranium through its investments in Energy Metals and Uran.

hard in the first half of the calendar year 2005 to further consolidate our holdings,” he said.

Jindalee was fortunate that market conditions were ideal at the time, with significant investor appetite for it to be able to create an Australian company purely dedicated to uranium exploration.

Six months after Energy Metals listed it placed 3 million shares at \$1.50 each – a significant premium to its 25c listing price – with Canadian uranium producer Denison Mines.

The company is looking to replicate the success of Energy Metals, however Dudfield said this would depend on market conditions.

“If we identify a project we’d probably put it initially into a subsidiary company, which then gives us the flexibility to either spin it out, sell part of it to a major partner or keep it as a 100 per cent owned subsidiary,” he said.

“It will all depend on the appetite for risk from investors, interest from potential joint venture partners and so on; depending on the circumstances, we try to choose the path which

achieves the best result for our shareholders.”

Jindalee has spent the past 12 months investigating potential opportunities across a range of commodity classes in Southeast Asia and Australia.

Dudfield is optimistic the company will find the right project in the short to medium term.

“We’re confident that the quality of opportunities will improve over the next six to 12 months,” he said.

Dudfield said most of Jindalee’s efforts will be focused on trying to identify the next Energy Metals-like opportunity.

Financially the company is in a good position with liquid assets of around \$18 million and about 34.8 million shares on issue.

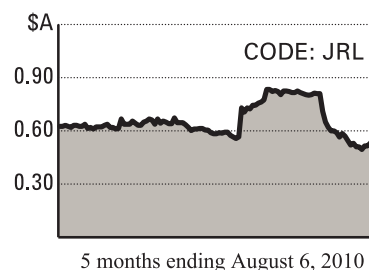
Jindalee has a tight capital structure and the directors are significant shareholders in the company.

“This should assure shareholders that the directors’ interests and their interests continue to be directly aligned,” Dudfield said.

– Angela Kean

Jindalee is hoping to identify the next Energy Metals-like opportunity

JINDALEE RESOURCES AT A GLANCE



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DIRECTORS

Mark Scott, Lindsay Dudfield, Patricia Farr, Gregory Ledger

MARKET CAPITALISATION

\$18.4 million (at press time)

QUOTED SHARES ON ISSUE

34,794,775

MAJOR SHAREHOLDERS

L. Dudfield 18.6%
Teck Cominco 5.9%
Grandor 5.5%
Yandal Investments 3%