

# JINDALEE

Resources Limited  
ABN 52 064 121 133

## QUARTERLY REPORT TO SHAREHOLDERS

for the three months  
ended 31 March 2011.

### ASX Code - JRL

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This report and further information are  
available on Jindalee's website at:

[www.jindalee.net](http://www.jindalee.net)



## HIGHLIGHTS

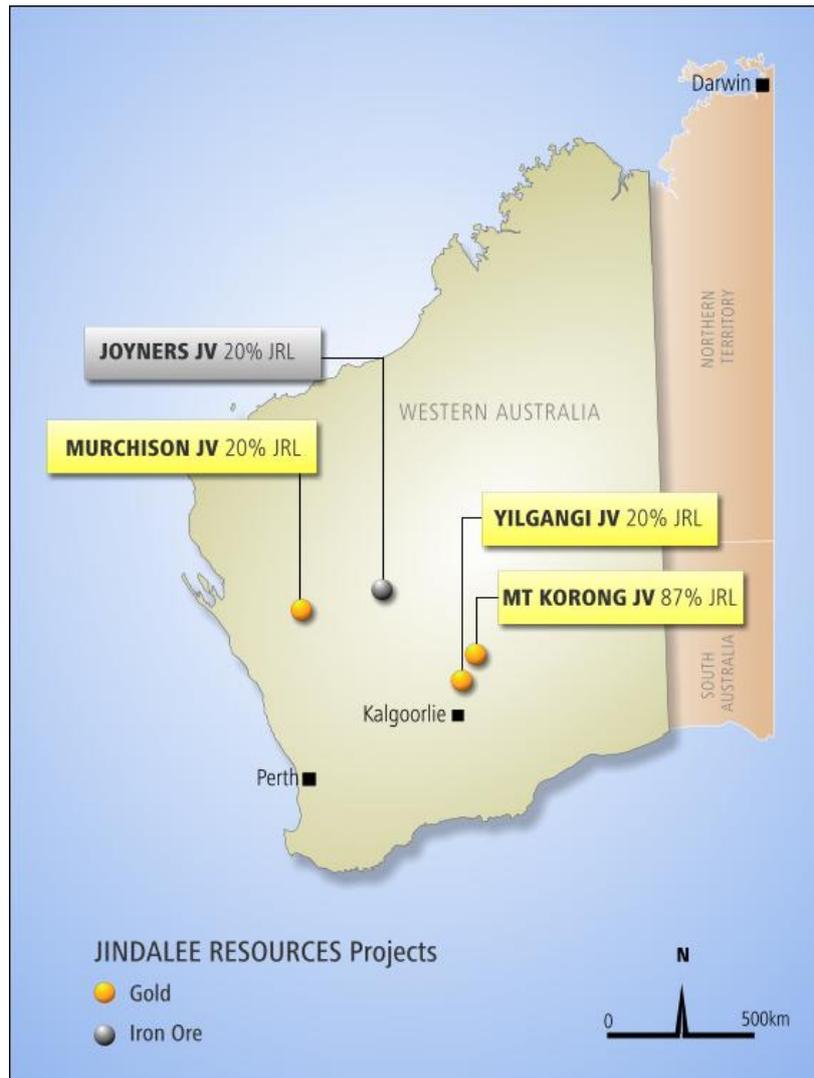
- \* Follow-up aircore drilling scheduled to commence at Mt Korong project in May
- \* Energy Metals (JRL 9.1%) granted uranium export permit
- \* Infill aircore drilling planned for Jeffrey Well project (JRL 20%).

## FINANCIAL

- \* The Company has a total of 34.8 million shares on issue.
- \* At 31 March 2011 Jindalee had no debt and held cash and shares worth \$19.5M before tax (equivalent to **\$0.56 per share** fully diluted).

A handwritten signature in black ink that reads "Lindsay Dudfield".

Lindsay Dudfield  
Managing Director  
29 April 2011



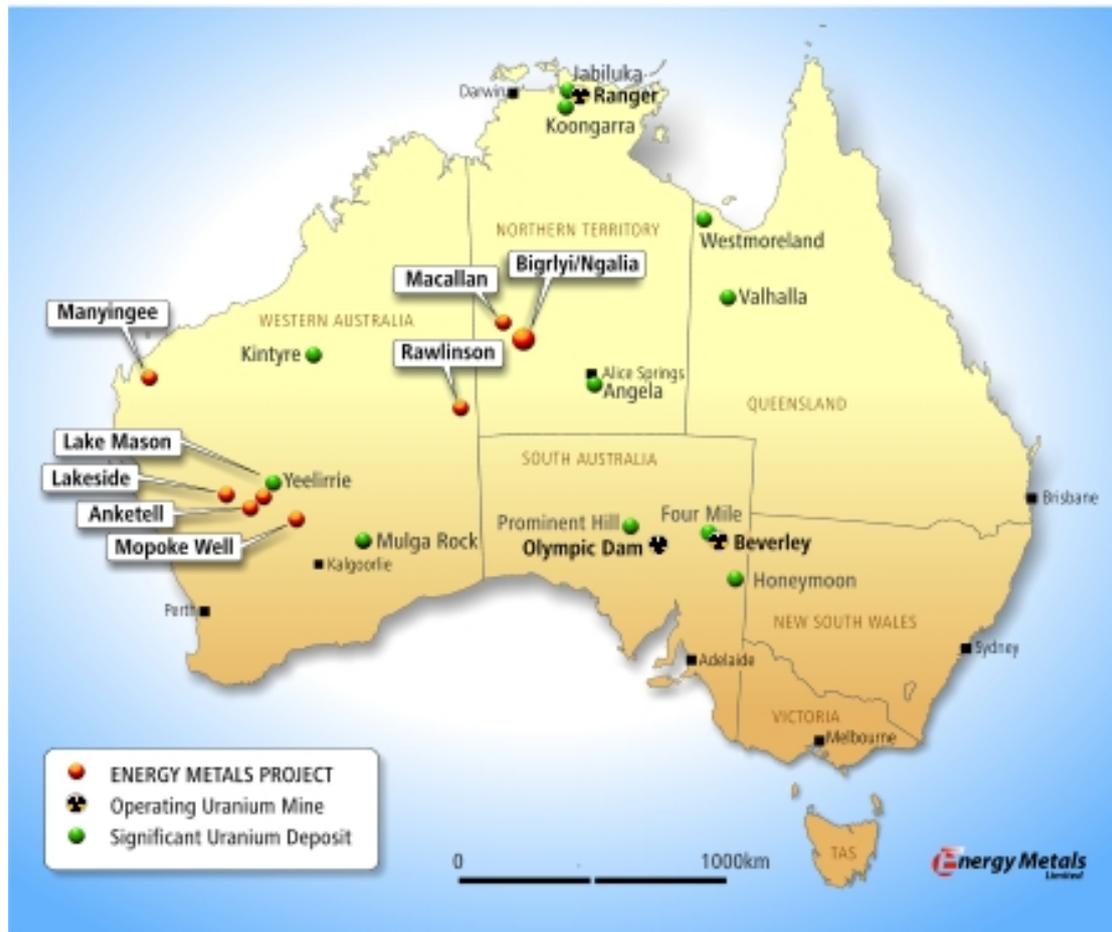
**Jindalee Resources – Lead Projects**

## URANIUM

### Energy Metals (Jindalee 9.1% of issued capital)

Jindalee holds approximately 14 million Energy Metals shares, giving shareholders continued exposure to the development of the Bigrlyi uranium-vanadium deposit and the potential of Energy Metals’ other uranium projects.

Energy Metals controls 9 projects (total area >4,000km<sup>2</sup>) located in the Ngalia Basin in the Northern Territory (NT) and in Western Australia (WA), with 6 of the projects containing uranium mineralisation discovered in the 1970’s. Initial exploration has concentrated on the Bigrlyi Project in NT (53.3% 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 250ppm U<sub>3</sub>O<sub>8</sub>, the published Bigrlyi resource (indicated and inferred) totals 29.4 million pounds (Mlb) of U<sub>3</sub>O<sub>8</sub>.



**Energy Metals Projects**

During the quarter, Energy Metals announced that wholly-owned subsidiary, NT Energy Pty Ltd had been granted a uranium export permit by the Australian government. Energy Metals initially plans to capitalise on this development by purchasing uranium oxide from existing and prospective Australian producers for export to China, where it will be sold to China Guangdong Nuclear Power Holding Co. China Guangdong, through its subsidiary, China Uranium Development Company is EME's largest shareholder with 60.6%.

## **GOLD**

### **Mt Korong Joint Venture (Jindalee 87%)**

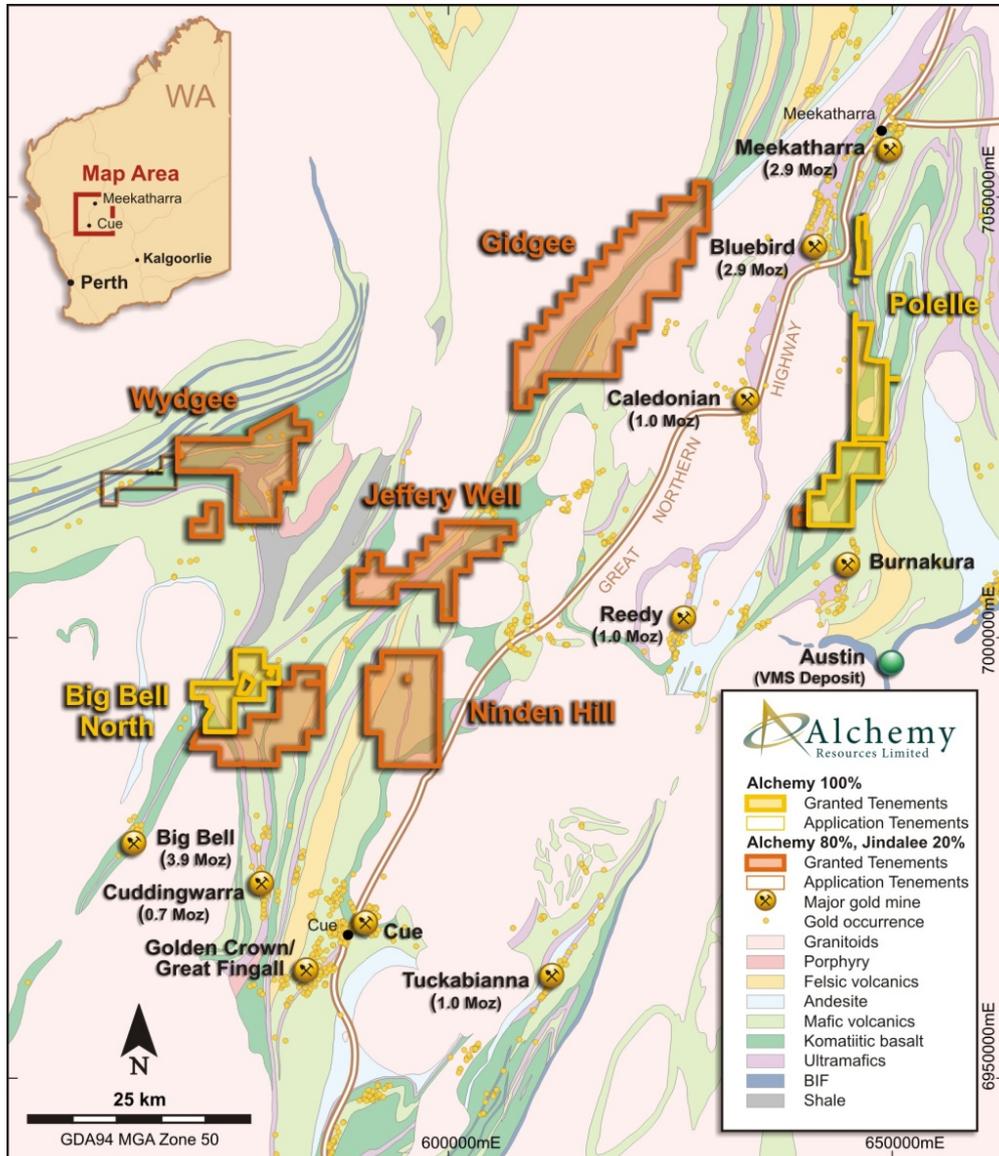
The Mt Korong project is located in the northern Eastern Goldfields between the townships of Leonora and Laverton and in close proximity to Minara Resources' Murrin Murrin lateritic nickel operation. The project is a joint venture between Jindalee and Golden State Resources in which Jindalee is the manager. Golden State has elected to resume contributions to the next phase of exploration.

A mineralised structure in the southwest of the project was tested by a reconnaissance RAB program late last year. The drilling returned a number of anomalous gold intersections in the weathered zone, including a best result of 4m at 1.2g/t from 40m depth within a broader downhole interval totalling 28m averaging 559ppb (0.56g/t) gold. A 30 hole angled aircore program, designed to follow-up this and other historical shallow intersections in the area will be undertaken during the June quarter.

**Murchison**

**(Jindalee 20% free carried)**

The Murchison Project comprises over 600 km<sup>2</sup> of prospective greenstone, mostly located between the Big Bell Mine (2.8M oz) and Paddys Flat (2M oz). The Project is a Joint Venture with Alchemy Resources (Alchemy) with Jindalee's 20% interest free carried to completion of a Bankable Feasibility Study.



***Murchison Project Areas on Regional Geology***

At the Jeffrey Well project, Alchemy is planning to conduct a follow-up aircore drill program in July to evaluate the significance of bedrock gold anomalism, defined during reconnaissance drilling in late 2010. As previously reported, the November program returned several significant intersections, including 2m @ 15.27g/t in hole JWAC023 and the new round of drilling is designed to test for high-grade, vein-style gold mineralisation within a regional gold corridor. The exploration effort at Jeffrey Well highlights the potential in the Murchison District for not only large lode gold systems but also for narrow high grade gold systems, similar to the gold mineralisation identified north of Meekatharra at Andy Well by Doray Minerals Limited.

A desktop study of historic exploration and a field review of the Ninden Hill project were also undertaken during the quarter. Results from the rock chip sampling included a peak value of 0.44g/t gold, returned for a sample of silicified and goethitic breccia material associated with a sequence of graphitic metasedimentary and felsic volcanic rocks in the north-central part of the project area. The sequence is also characterized by elevated base (>800ppm Zn; >75ppm Pb) and precious (>1.0g/t Ag; 0.44g/t Au) metal values. Further surface sampling is planned across the northern half of the project.

Comprehensive reviews of the Wydgee and Gidgee projects are planned to be completed in the June quarter. Further field mapping and reconnaissance will be undertaken before any further drilling campaigns are planned for these projects.

### **Yilgangi** (Jindalee 20 % loan-carried)

The Yilgangi project is located in the Eastern Goldfields, approximately 120 km northeast of Kalgoorlie. Newcrest Operations Limited (a subsidiary of Newcrest Mining Limited) farmed into Yilgangi in March 2004 and to date has spent more than \$4M on exploration. Newcrest holds an 80% interest in the project with Jindalee's 20% participatory interest, loan-carried through to a Decision to Mine.

No further exploration was undertaken on the project during the quarter.

### **Alchemy Resources** (Jindalee 10% of issued capital)

In addition to the joint venture interest in the Murchison projects, Jindalee also holds 9.8 million Alchemy Resources shares, providing Jindalee's shareholders with exposure to Alchemy's expanded portfolio of projects, including Alchemy's exciting Hermes gold and Magnus copper-gold projects, located 120km northeast of Meekatharra. The Magnus copper-gold project covers the extensions of the favourable Narracoota Formation volcanics to the west of Sandfire Resources' Doolgunna project tenements.

Metallurgical testwork conducted on samples of oxide gold mineralisation from the Hermes and Wilgeena projects indicated that good recoveries should be expected through a conventional gravity and CIL plant.

Alchemy continues to target the Central Bore prospect within the Magnus project. Drilling has returned a number of broad gold intersections, associated with quartz veining in a granite host, including several higher grade intercepts, such as 9 metres at 7.2g/t, 9 metres at 7.8g/t and 3 metres at 10.3g/t. A further phase of infill and follow-up extensional drilling has commenced at this prospect.

Elsewhere within their broader Gascoyne project, Alchemy has commenced further programs of drilling in the vicinity of the Wilgeena deposit, aimed at extending the existing resource, as well as testing other geological and geochemical targets in the area.

### **Cardinia JV** (Jindalee 11% free carried)

Jindalee holds an 11% interest in a group of tenements at Cardinia, located 30 kilometres east of Leonora. The joint venture project forms part of Navigator Resources' extensive Leonora project holdings. Jindalee's interest in the Cardinia joint venture ground is free carried through to completion of a Bankable Feasibility Study.

There were no developments reported for the Cardinia JV tenements during the quarter.

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## **BASE METALS**

### **Great Western Exploration (Jindalee 1% of issued capital)**

At the end of the quarter, Jindalee Resources held just over one million shares in Great Western Exploration. Great Western has a diverse project portfolio located in Western Australia that is prospective for nickel, uranium, gold and base metals.

Great Western is continuing exploration of their Doolgunna project, located 25km southeast of Sandfire's DeGrussa copper-gold discovery. The geological setting is interpreted by Great Western as being prospective for similar base metal discoveries with a number of geophysical and geochemical targets already having been identified. After several rain delays, drill testing of EM and geochemical targets resumed during the quarter.

### **Anchor Resources (Jindalee 5% of issued capital)**

Anchor Resources Limited (Anchor) is exploring a portfolio of projects located in Eastern Australia that are prospective for gold, antimony, copper and base metals. Jindalee is one of Anchor's largest shareholders, maintaining our equity interest by participating in the recent Anchor rights issue. Current focus for Anchor is the Wild Cattle Creek antimony deposit, part of the Bielsdown project in northeastern NSW.

During the quarter, Anchor announced the results of an initial scoping study into development of the Wild Cattle Creek deposit. The study confirmed that at current prices, the project had the potential to generate excellent operating margins, but that increasing the resource base would assist greatly in improving the overall project economics. To this end, Anchor announced that a 4,000m drill program, aimed at doubling the existing resource by targeting the down-plunge extensions of the orebody would commence by mid-year.

Drilling was also planned to test the Tyringham prospect, part of the Blinks Project, where previous drilling had indicated good potential for the discovery of intrusion-related gold mineralization. The targeted mineralization is similar in style to the large Pogo and Donlin Creek deposits in Alaska and the Kidston deposit in Queensland.

On 20 December 2010 Sunstar Capital Pty Ltd (Sunstar), a subsidiary of diversified miner China Shandong Jinshunda Group Co Ltd, announced an unsolicited cash takeover for Anchor at \$0.28 per share. On 19 April 2011 Sunstar declared the offer unconditional and announced that the offer would be increased to \$0.305 per share if Sunstar increased its voting power (currently 10.46%) by at least 25% by the close of the offer (currently due to close 5 May 2011).

Anchor's Board has advised that it is pursuing alternate transaction opportunities with potential to deliver a superior return and recommends that shareholders reject the Sunstar offer as it currently stands.

## IRON ORE

### Joyners

**(Jindalee 20% free carried)**

The Joyners project is a joint venture with Golden West Resources Limited and forms a part of Golden West's much larger Wiluna West project. Golden West has earned an 80% interest in the joint venture tenements with Jindalee maintaining a 20% equity position, free-carried through to completion of a Bankable Feasibility Study. The joint venture tenements contain indicated and inferred iron oxide resources (Joyners North) estimated to total 7.9 million tonnes at 62.2% iron.

Four RC holes for 453m were drilled on Exploration Licence E53/1089 during the quarter. These holes were designed as a follow-up to a previous RC hole, drilled mid 2010 and were targeting magnetite mineralization within banded iron formations (BIF) located south of the current hematite resource area. The drillholes intersected a magnetite-bearing sequence averaging around 50m thick. A second untested BIF, around 50m wide is located to the west of the drill area. Samples have been submitted for assay ahead of Davis Tube recovery testwork.

## CORPORATE

At 31 March 2011 Jindalee held cash and shares worth approximately \$19.5M (or \$15M after provision for future tax liabilities). These assets, combined with our tight capital structure (34.8M shares on issue), provide a strong base for leverage into new opportunities, and the identification of projects with the potential to provide significant growth for shareholders remains our primary focus.

Notes: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Terrence Peachey, who is an employee of the Company and is a member of the Australian Institute of Geoscientists. Mr Peachey has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves.' Mr Peachey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Jindalee Resources Limited's (Jindalee) planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Jindalee believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.