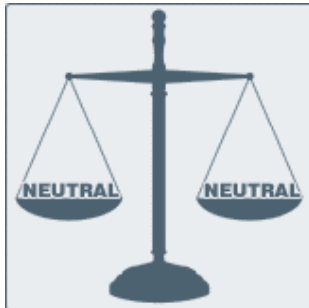


SYMBOL DEFINITIONS			
	EXPLORER		HIGH RISK
			CAP \$6.9m CASH \$1.7m DEBT \$0m
<a href="#">CLICK FOR ALL SYMBOL DEFINITIONS</a>			

Numerous new exploration companies are being created to participate in the current mining boom. However, well established, reputable junior explorers such as Jindalee have a "first mover advantage" in terms of establishing good quality of exploration tenements and strong relationships with a range of large, well funded mining groups that represent potential joint venture partners.



*"Jindalee has a broad range of exploration properties that are being advanced in a cost effective manner and the company continues to assess possible acquisitions to accelerate its production ambitions. Management is maintaining the company's tight capital structure in order to provide high leverage to any growth opportunities that emerge."*

Jindalee has taken advantage of the current favourable investment climate for juniors to rationalise its interest in the Mt Gibb project. This has been achieved in a manner that provides a cash injection for Jindalee, while retaining an interest in the project's upside should a significant discovery be made. At the same time steady progress is being on a range of existing and potential new projects.

### The Great Western Transaction

Late last year Jindalee reached an agreement to sell part of its Mt Gibb gold and nickel project in the Forrestania Greenstone Belt of W.A to Great Western Exploration Limited. Great Western lodged its prospectus earlier this month and is scheduled to list on the ASX by 22 March.

Under the terms of the agreement Great Western will purchase 80% of the Mt Gibb project from Jindalee for a mixture of cash and equities as follows:

- \$250,000 cash (\$25,000 deposit paid)
- 2 million Great Western shares
- 2 million Great Western options (exercisable at 20c within 5 years, unlisted)

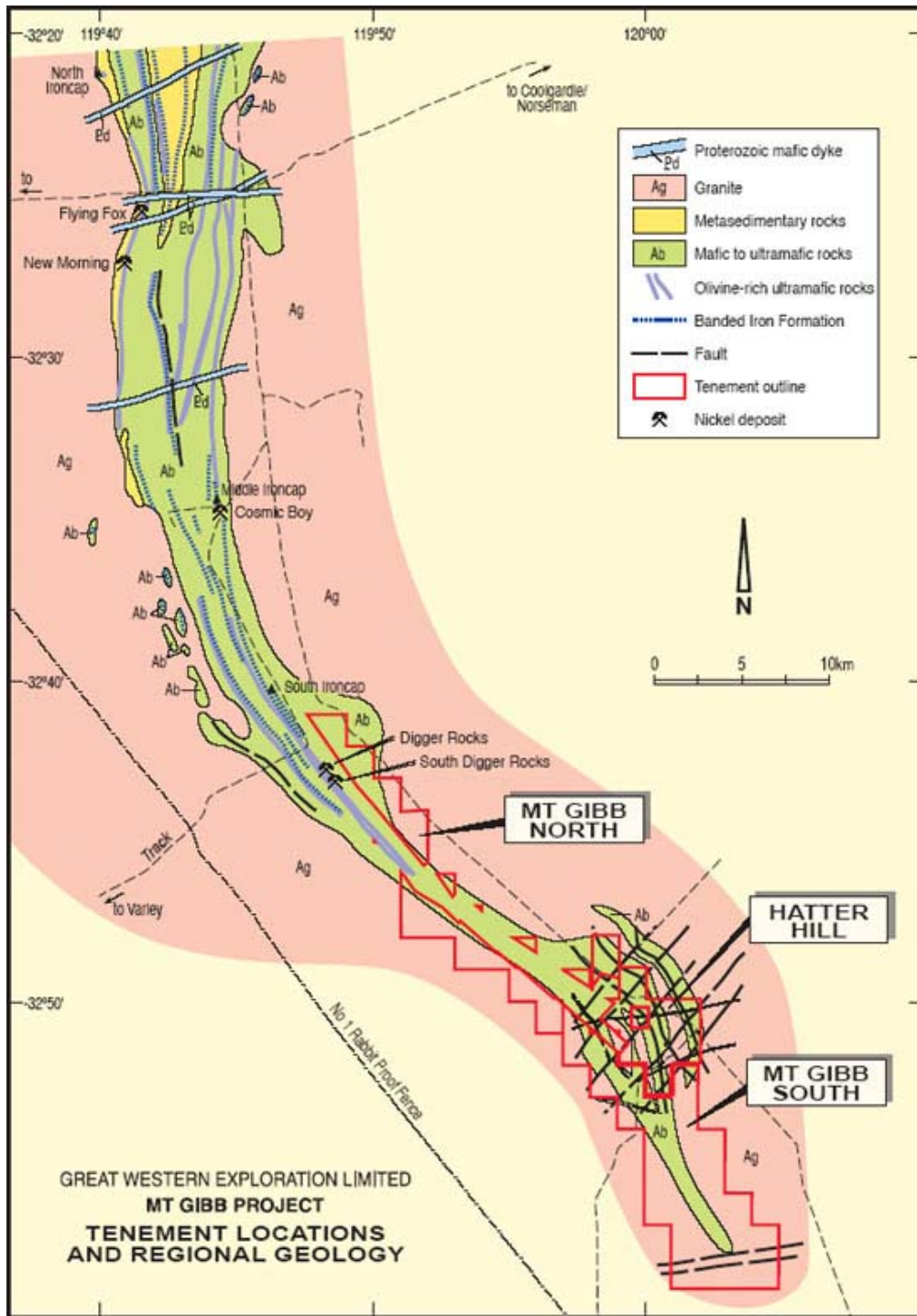
Upon listing Great Western assumes responsibility for funding exploration at Mt Gibb, with Jindalee retaining a free-carried interest through to completion of a Bankable Feasibility study. Thus Jindalee retains both a 20% direct interest in the project, and an indirect interest through its 7.42% equity position in Great Western. As a consequence working capital is freed up and Jindalee's tight capital structure is preserved.

### Mt Gibb Project

The Mt Gibb project is based around an aeromagnetic anomaly interpreted to represent an extension of the Forrestania nickel belt, covering some 50km southwest from Western Areas' Forrestania Nickel Project, as well as being prospective for high grade gold mineralisation. There is limited outcrop within the Mt Gibb tenements and geological interpretation has therefore been reliant on airborne magnetic data, plus limited shallow drilling by Jindalee. This also adds to the likely cost of future exploration, and has been an important motivator in Jindalee's decision to rationalise its interest in the project.

The Forrestania Nickel Project includes a series of deposits including Flying Fox, Cosmic Boy, Digger Rocks, Diggers South, Daybreak and New Morning. Most recently Western Areas' have reported high grade results from Flying Fox, including 21.4m @ 7.8% Ni, 20.8m @ 6.1% Ni and 11.7m @ 7.3% Ni. A bankable feasibility study assessing the potential to treat these deposits through a centralised processing facility is scheduled for completion by mid year.

## Mt Gibb Tenements



Source: Great Western

### Corporate Structure (at 33 cents)

Fully paid shares	20.8m
Options at 25c	8.1m
Options at 35c	2.4m
Fully Diluted Market Cap	\$10.3m
Cash	\$1.7m
Payment from Great Western	\$0.2m
Investments	\$0.5m
Cash from Options	\$2.8m
Enterprise Value	\$5.1m

We maintain our **Hold recommendation for Jindalee around the current price of 33 cents**. The company has a tight corporate structure, low enterprise value and continues to advance its growth opportunities in a cost effective manner. Once a suitable growth project emerges there will be excellent leverage for shareholders.

### JRL Daily Share Price



Members are referred to articles at [FPM 17](#) and [FPM 5](#) for further background on Jindalee.

Disclosure: The writer discloses that he holds shares in Jindalee.

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