

Identifying prospective grounds ahead of the majors

By
Tania Winter

The search for an advanced gold project has led junior explorer Jindalee Resources Ltd to the Yilgarn Craton of Western Australia.

Company managing director Lindsay Dudfield said bids were being made on projects, but added the junior would not overpay for an asset.

Jindalee has achieved a lot since listing 12 months ago, a fact not lost on the market. The company's share price has gone from 11.5 cents at the beginning of July to 21 cents early in September.

Listing in July last year after raising \$2.65 million Jindalee still has just under \$2 million in the bank.

The company's philosophy is simple — pick up prospective ground cheaply, add value through geological expertise and low-cost reconnaissance activity and then diversify risk (and defray cost) by introducing joint venture partners for the higher risk and/or expensive phases of exploration.

In doing so it keeps the "cash burn" rate down to less than \$500,000 per annum and therefore avoids the need to raise new equity.

However if, from the first pass work, there is the chance of an obvious discovery the company will retain the ground 100%.

"One of our strengths is that we can identify prospective ground ahead of the majors," Dudfield said.

"We're almost like project generators for the majors."

Jindalee has in place deals with Teck Cominco (which also owns 9.6% in the company), Placer Dome Incorporated and Newcrest Mining Ltd.

The latter is a prime example of its philosophy.

Newcrest joint ventured into the Iron Tank Well project in July after Jindalee carried out a broad spaced RAB program in January which returned some gold anomalies.

Newcrest must spend a minimum of \$75,000 in the next 12 months at Iron Tank Well and will be undertaking some deep RC drilling in the current quarter.

An example of adding value to a project following first pass exploration is Mt Gibbs, 100%-owned by Jindalee.

The company has picked up what looks like an extension to the Forrestania greenstone belt (a linear magnetic anomaly) and will be flying a low level aeromagnetic survey over the ground at the end of this month in a bid to better define and extend it.

"We applied for the tenement in the March quarter and if something comes of the survey we will be pushing to get it granted," he said.

Its deal with Placer on the Lake Raeside project sees the Canadian spending a minimum of \$100,000 on exploration.

"Placer will have a lake rig on Lake Raeside and will be drilling aircore and a diamond hole in the current quarter," Dudfield said.

As for Teck Cominco, Jindalee is undertaking some project generation work for the giant.

"They have also finished the first pass drilling at Yilgangi and are now formulating their next move," he said.

The company also recently bolstered its team of Dudfield and Ross Kennedy with the appointment of Jordan Luckett, who has extensive Eastern Goldfields experience having worked for the now defunct Delta Gold Ltd.

Jindalee has also applied for three exploration licences in the emerging West Musgraves province and single exploration licences at Gidgee and Joyners Find.

The Gidgee land was applied for in April and the tenement is centred 35 kilometres south west of Meekatharra.

The West Musgraves project is located in the western part of the Musgrave Province of central Australia and covers mafic-ultramafic rocks of the mid Proterozoic Giles Complex.

The Joyners Find project comprises one EL and is located 30 km south west of Wiluna.

As for its Big Bell North and Polelle projects in the Murchison, the company has received expressions of interest from other parties.

Outside of gold Jindalee granted unlisted public company Cougar Metals Ltd an option to explore for (and potentially exploit) lateritic nickel mineralisation at Mt Remarkable.

Cougar has until January 2005 to drill out all the lateritic nickel targets to a 200 metre by 100m density, calculate the resource present and acquire the resource for a tonnage based cash payment.

Jindalee will receive additional cash payments for any ore mined from the tenement and will retain the rights to all other mineralisation, including sulphide nickel, gold and PGMs.

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Contact: **Ian Walker** – Managing Director
Ground Floor, 23 Ventnor Avenue, West Perth WA 6005
Phone: (+61 8) 9321 5000 Facsimile: (+61 8) 9321 7177

Website: www.metex.com.au

