

# JINDALEE

Resources Limited  
ABN 52 064 121 133

## QUARTERLY REPORT TO SHAREHOLDERS

for the three months  
ended 30 June 2010.

### 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

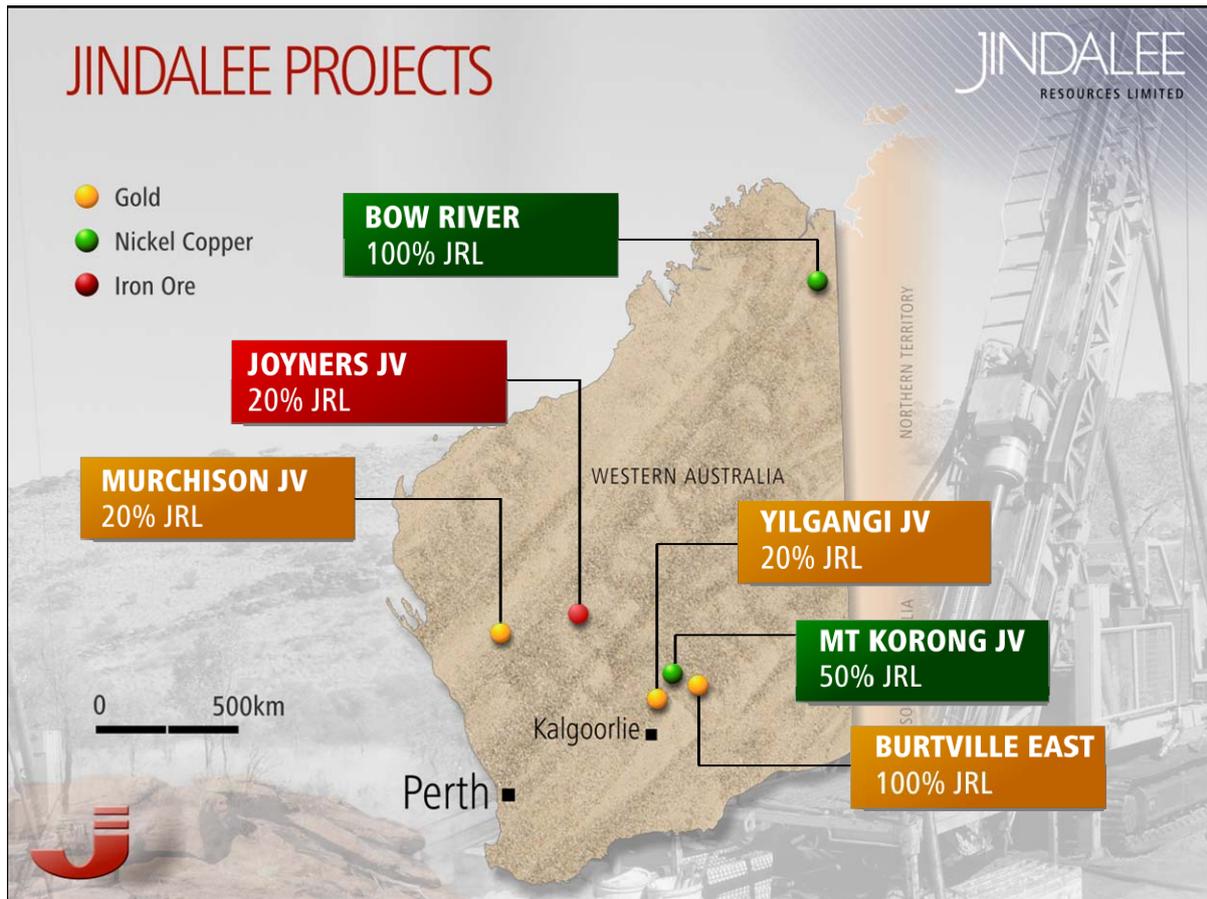
- \* JRL declares special dividend (\$0.55 fully franked) to be paid 23 July 2010
- \* RC drilling completed at Bow River: intersects 5m @ 1.3% copper
- \* Newcrest completes deep diamond drillhole at Yilgangi project
- \* Alchemy Resources (JRL 13%) announces wide gold intersections from Wilgeena and maiden 49,500oz gold indicated resource
- \* Energy Metals (JRL 10%) intersects high grade uranium at Camel Flat (NT):  
27m @ 0.41% eU<sub>3</sub>O<sub>8</sub>  
(incl. **9.8m @ 1.06% eU<sub>3</sub>O<sub>8</sub>**)

## FINANCIAL

- \* The Company has a total of 34.8 million shares on issue
- \* At 30 June 2010 Jindalee had no debt & had liquid assets worth ~\$44M. After payment of the dividend & associated tax it is expected that Jindalee will hold cash & shares (valued at current market prices) worth \$18.5M.

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

Lindsay Dudfield  
Managing Director  
27 July 2010



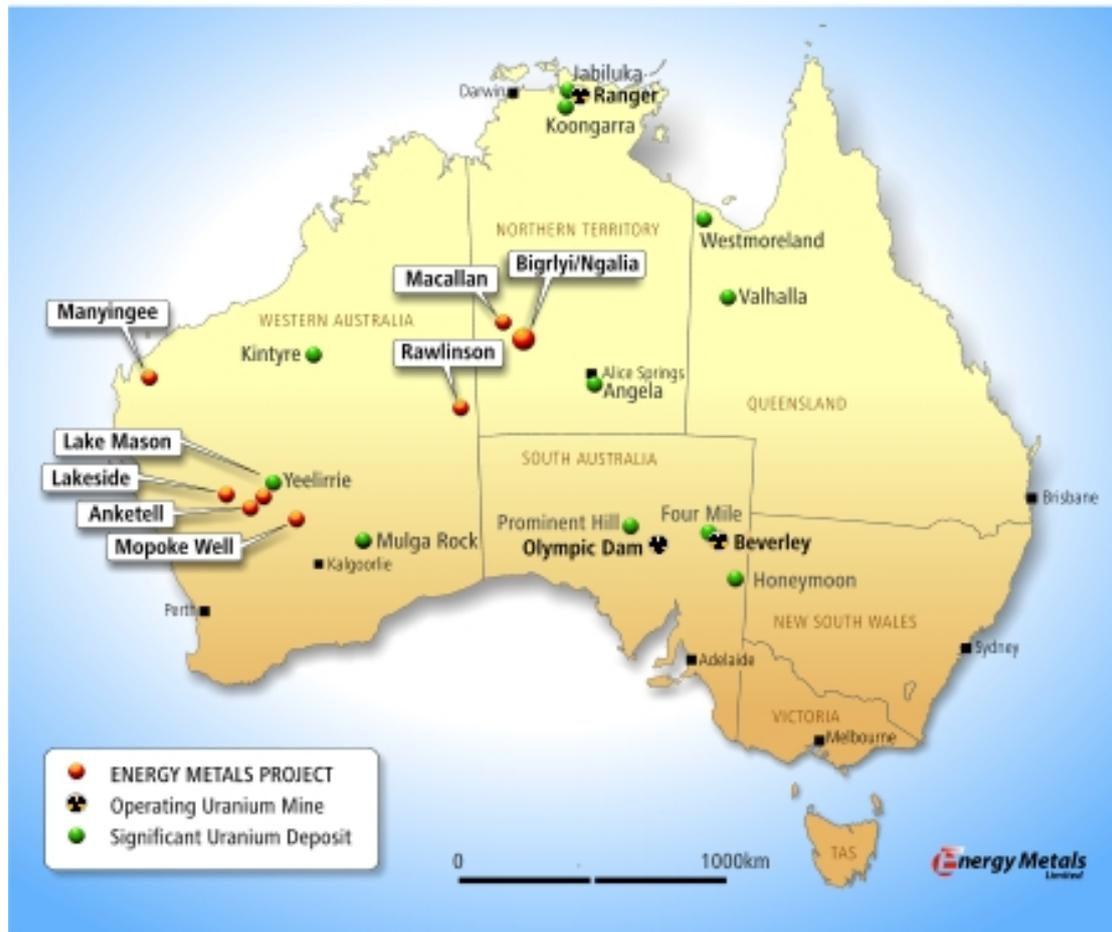
**Jindalee Resources – Lead Projects**

## URANIUM

### Energy Metals (Jindalee 10.4% of issued capital)

Jindalee holds approximately 14 million Energy Metals shares, giving shareholders continued exposure to the development of the Bigryli 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 Bigryli Project in NT (53.7% owned by Energy Metals), where previous drilling returned relatively high grade intercepts with excellent metallurgical recoveries. The uranium mineralisation at Bigryli is accompanied by economically significant vanadium values. At a cut-off grade of 250ppm U<sub>3</sub>O<sub>8</sub>, the published Bigryli resource (indicated and inferred) totals 29.4 million pounds (Mlbs) of U<sub>3</sub>O<sub>8</sub>.



Mid July 2010 Energy Metals announced that the first diamond hole drilled at its 100% owned Camel Flat prospect, located 33km SE of Bigrlyi, intersected 27m @ 4,058 ppm  $eU_3O_8$  from 93.5m downhole, (including 9.8m @ 10,567 ppm  $eU_3O_8$ ) in similar rocks to those hosting the Bigrlyi resources. Drilling is expected to resume during the September quarter.

### Uran (Jindalee 1.5% of issued capital)

Jindalee holds approximately 2.5 million Uran Limited shares and remains one of this company's top shareholders. Uran is predominantly a uranium company, focused on advanced projects in the United States and Eastern Europe. The company also controls the Finley Basin tungsten project in the United States.

Uran's current focus is on their 65% owned joint venture ground within the highly prospective Grants Ridge district in the US state of New Mexico. Work completed during the period included selective geophysical surveys (ground penetrating radar), radon gas surveys and the compilation of historical drilling records. This work will assist in targeting for the next phase of drilling, scheduled for later in the year once the necessary permitting is complete.

## GOLD

### Burtville East (Jindalee 100%)

Jindalee's Burtville East project is located 41 kilometres east southeast of Laverton in the Northeastern Goldfields of Western Australia and nine kilometres 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's Granny Smith operations.

Work during the quarter was limited to the rehabilitation of drill sites.

### 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 to a Decision to Mine.

A review of the Hobbes mineralisation had identified the potential for plunging higher-grade shoots within the much larger zone of low-grade gold mineralisation. A single diamond drillhole (NHD005) was completed during the quarter as a partial test of the depth potential. Results were generally disappointing with a best intersection of 1m at 7.2g/t from 160m depth.

Drillhole	Northing MGA	Easting MGA	Dip	Azimuth	from	to	Downhole interval	Gold Assay
NHD005	6,701,601	426,301	-60	038	58m	59m	1m	1.26g/t
					138m	139m	1m	1.43g/t
					160m	161m	1m	7.25g/t
					172m	173m	1m	1.53g/t
					178m	183m	5m	1.24g/t

Table 1. Yilgangi Drillhole NHD005: Intersections above 1g/t gold (source Newcrest)

The existing Hobbes mineralization model is being re-examined in the light of these results.

### 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 with Jindalee's 20% interest free carried to completion of a Bankable Feasibility Study.

In May, work was undertaken on several of the projects, including soil sampling on both the Ninden Hills and Polelle prospects and aircore drilling on the Wydgee project, where 33 holes were drilled for a total of 2,769 metres. Five RC drillholes for 756m were completed on the Gidgee prospect in June, as a follow-up to anomalous results from previous aircore drilling.

Further aircore drilling is planned for the Jeffrey Well tenement, E20/507 during the September quarter.

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## **Alchemy Resources**

**(Jindalee 12.9% 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.

Further RC drilling was undertaken during the quarter on Alchemy's Hermes gold project, returning several wide intersections, such as the 55m @ 2.2g/t reported from the Trapper prospect. Alchemy also reported positive results from RC drilling at the Wilgeena prospect, located 15km SW of Hermes. Results included 18m at 5.25g/t, 33m at 2.78g/t and 10m at 4.8g/t. Alchemy is working toward establishing Wilgeena as a possible early-stage mining operation with ore to be treated through Barrick's Plutonic mill. In early July, Alchemy announced a maiden 49,536 ounce indicated gold resource for Wilgeena.

Also during the quarter, Alchemy announced anomalous aircore results obtained from drilling undertaken on a portion of the Big Bell North project, part of their Murchison district holding. Better results included 52m at 0.22g/t and 8m at 0.58g/t gold. These results are from a wholly-owned tenement that does not form part of the Murchison joint venture with Jindalee, but further exploration may extend the zone of anomalism into joint venture tenements, located along strike to the south. Follow-up RC drilling and infill aircore drilling is planned.

## **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, but Navigator successfully completed trial mining of supergene ore at the nearby Bruno pit and announced plans to spend a further \$1.3M on exploration in the Cardinia area over the next 12 months.

## **BASE METALS**

### **Bow River**

**(Jindalee 100%)**

This project is located in the East Kimberley region, 80 km south of Kununurra and 60 km northeast along strike from the Savannah nickel mine. Previous drilling at Bow River intersected massive sulphides with a number of significant copper and nickel intersections, including 3.12m @ 1.45% Ni and 0.47% Cu, and 11.5m @ 1.2% Cu and 0.5% Ni. The mineralisation occurs in a differentiated mafic-ultramafic intrusion, similar to the host rock at the Savannah mine.

Four RC drillholes for 650 metres were drilled as a partial test of conductive targets, as interpreted from a previous ground EM survey, and to provide a platform for a planned downhole geophysical survey. Two of the four holes returned highly anomalous copper or nickel sulphide intersections, developed along the margins of a narrow granite intrusive. Significant intersections are summarised as follows:

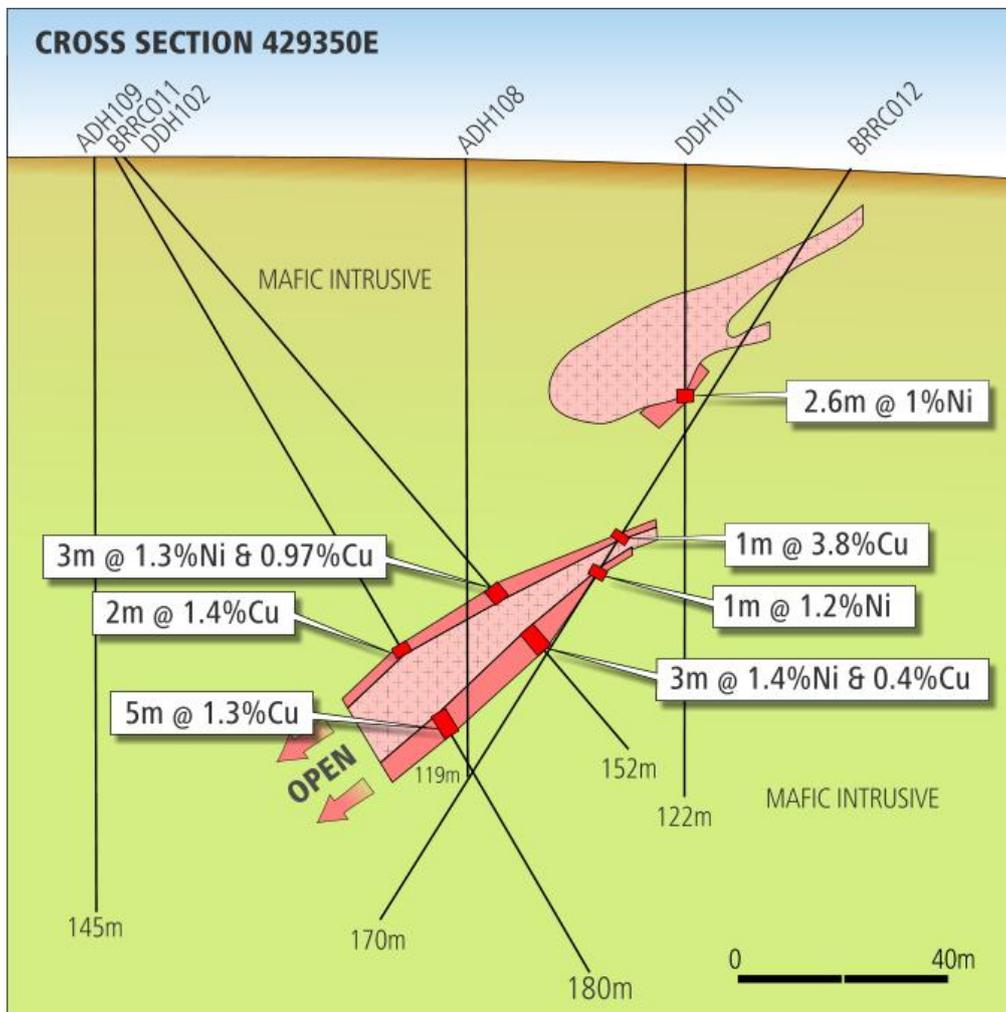
Drillhole	Northing	Easting	Dip	Azimuth	Final Depth metres	from m	to m	Downhole Interval metres	Assay
BRRC009	8134900	429200	-60	180	150	-	-	-	nsa
BRRC010	8135020	429150	-60	180	150	-	-	-	nsa
BRRC011	8134940	429340	-60	000	180	108	110	2m	1.4% Cu
						123	128	5m	1.3% Cu
						126	128	2m	1.9% Cu
BRRC012	8135080	429370	-60	180	170	81	82	1m	3.8% Cu
						88	89	1m	1.2% Ni

Table 2. Significant Drillhole Intersections: May 2010 Bow River RC

Notes 1. Collar co-ordinates are by handheld GPS, GDA94 Zone 52

Notes 2. Assays by Genalysis Laboratory Services, mixed acid digest with Plasma Optical Emission Spectrometry (method MX/OES). Results rounded to nearest 0.1%.

Note 3. nsa= no significant intersections



Bow River cross-section.

The mineralised shoot intersected in BRRC011 remains open at depth and has not been conclusively closed off along strike.

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### **Mt Korong Joint Venture** (Jindalee 50% and Manager)

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 prospective for nickel laterite mineralisation with historic wide-spaced drilling returning shallow nickel intersections of 10m at 0.86% Ni from 6m and 7m at 0.85% from 12m. The project is a joint venture between Jindalee and Golden State Resources, with the project being managed by Jindalee. Golden State has advised their intention to dilute their interest in the joint venture by not contributing to ongoing exploration.

Work over the period was restricted to the rehabilitation of drill sites.

### **Great Western Exploration** (Jindalee 3.8 % of issued capital)

Great Western have a diverse project portfolio, mostly located in Western Australia and the Northern Territory that are prospective for nickel, uranium, gold and base metals. This portfolio includes tenements in the Forrestania region, prospective for nickel sulphide mineralisation. These tenements have been joint ventured to Western Areas NL, operators of the Flying Fox and other underground nickel mines in the same belt. Western Areas has commenced drill testing of downhole EM targets at Mt Gibb South.

Great Western announced the grant of tenements and the results of an airborne electrical geophysics (VTEM) for their Doolgunna project, located 70km southeast of Sandfire's DeGrussa discovery. Initial field work testing 39 "priority" VTEM targets is underway with GTE proposing to commence drill testing of targets in August.

In the Pine Creek district of the Northern Territory, soil sampling has outlined significant gold-in-soil anomalism at Great Western's Union Reef South prospect.

### **Anchor Resources** (Jindalee 5.2% of issued capital)

Anchor Resources Limited 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. Current focus for Anchor is the Wild Cattle Creek antimony deposit, located in northeastern NSW.

Diamond drilling designed to further expand the existing antimony resource continued through the quarter. In addition to further intersections from depth testing at the main zone, Anchor also announced the discovery of a second shoot of high grade antimony and tungsten mineralisation, including a high grade intersection of 1.4m at 17.1% Sb and 2.2% tungsten oxide (WO<sub>3</sub>).

## **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. Given the current high spot iron ore price, Jindalee's 20% share of this resource represents significant value, without impacting on the Company's ability to finance its other projects.

## **SPECIAL DIVIDEND**

On 31 May 2010 Jindalee announced that the Company will pay a \$0.55 fully franked dividend to Shareholders on the register as at 15 July 2010. Dividend cheques were subsequently despatched to Shareholders on 23 July 2010.

For several years now your Directors have been concerned that Jindalee has been trading at an unacceptable discount to the value of our liquid assets (cash and shares) and have been investigating ways to break this holding company discount and maximise the value of our investments for the benefit of Shareholders. The sale of our controlling stake in Energy Metals Limited (ASX: EME) late in 2009 and the distribution of some of the proceeds of this sale to Jindalee Shareholders via the special dividend represents a significant step in this process.

Based on current prices, and after payment of this dividend and associated tax liabilities, Jindalee will hold liquid assets worth approximately \$18.5M (or \$13.8M providing for deferred tax on unrealised capital gains). This leaves the Company in a strong position to assess new opportunities to create wealth for our Shareholders and this will be our primary focus in the months ahead.

## **CORPORATE**

Ms Patricia (Trish) Farr was been appointed Executive Director/Joint Company Secretary effective 1 July 2010, with Mr Greg Ledger continuing his company secretarial role in a joint capacity.

Ms Farr joined Jindalee Resources in July 2002 and having been closely involved with the growth of the Company was appointed to the Board in September 2008. Ms Farr is an experienced company administrator with over 10 years industry experience. She was previously Company Secretary of emerging uranium producer Energy Metals from its initial ASX listing in 2005 until June 2010.

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.