

# JINDALEE

Resources Limited  
ABN 52 064 121 133

## QUARTERLY REPORT TO SHAREHOLDERS

for the three months  
ended 30 September 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

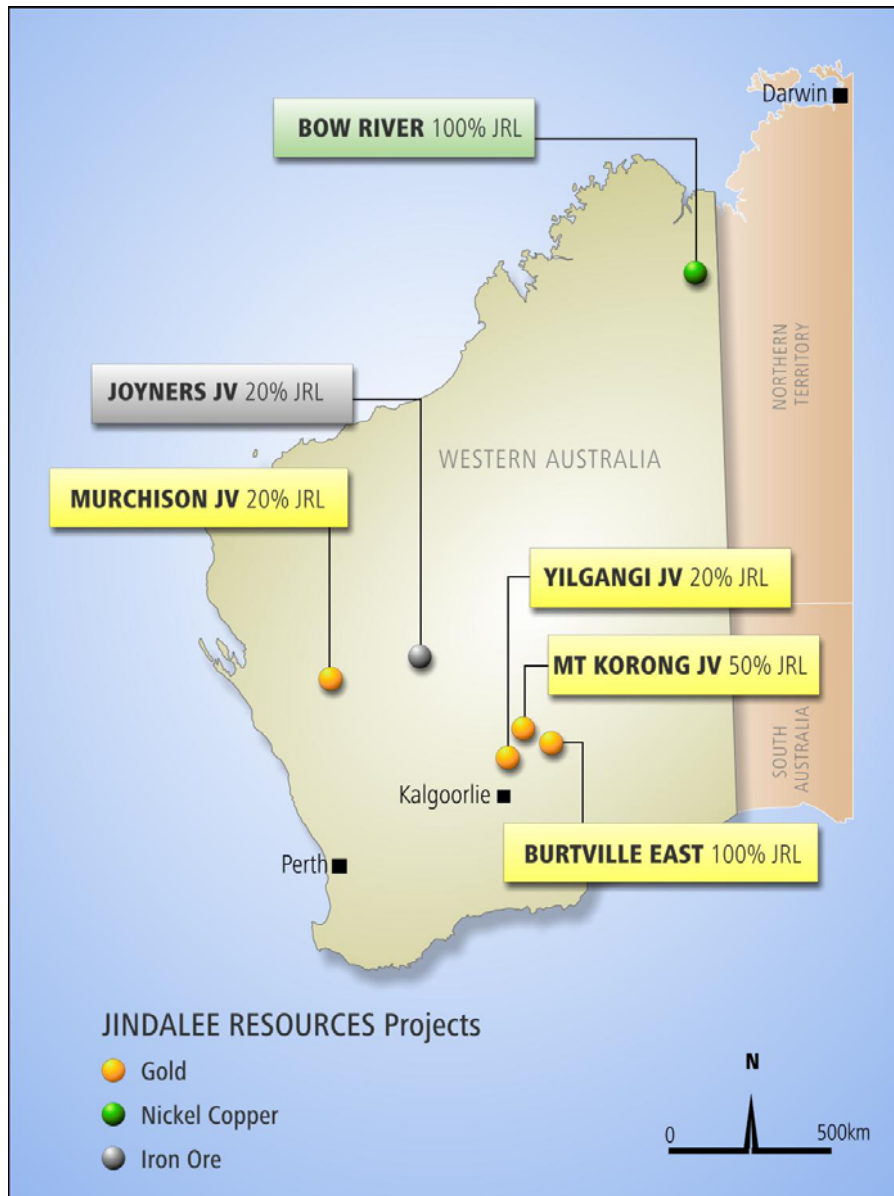
- \* Gold target at Mt Korong to be drill tested during December quarter
- \* Alchemy Resources (JRL 10%) announce broad gold intersections from initial round of RC drilling at the Central Bore Prospect.
- \* Energy Metals (JRL 10%) confirm high grade uranium intersections from Camel Flat prospect including further intercept of 2.5m @ 0.3% eU<sub>3</sub>O<sub>8</sub>
- \* A \$0.55 fully franked special dividend was despatched to shareholders 23 July 2010

## FINANCIAL

- \* The Company has a total of 34.8 million shares on issue
- \* At 30 September 2010 Jindalee had no debt and after provision for current tax liabilities held cash and shares worth over \$19.3M (equivalent to **\$0.55 per share** fully diluted)

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

Lindsay Dudfield  
Managing Director  
29 October 2010



## 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 28.8 million pounds (Mlb) of U<sub>3</sub>O<sub>8</sub> and 36.8Mlb of V<sub>2</sub>O<sub>5</sub>.



Exploration continued at Bigrlyi and several of Energy Metals other projects during the quarter.

At Energy Metals' wholly-owned Camel Flat prospect, south of Bigrlyi, assay results confirmed the high grade intersection, previously reported for drillhole CFD1001. This hole intersected 5m at 1.33%  $U_3O_8$  from 93m downhole in a very similar geological setting to the Bigrlyi deposits. Preliminary downhole gamma logging results were also announced for a second hole, CFD1002, drilled from the opposite direction into the same target. This hole intersected 2.55m at 0.3%  $eU_3O_8$ , apparently confirming the presence of a steeply north-dipping zone of high grade uranium mineralisation. A staged drill program, designed to assess the extent of this highly promising zone is underway.

**Uran (Jindalee 1.3% 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 major focus is on their 65% owned joint venture ground within the highly prospective Grants Ridge district in the US state of New Mexico.

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## **GOLD**

### **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% interest loan-carried to a Decision to Mine.

No further exploration was undertaken on the project during the quarter. The mineralisation model for the Hobbes deposit is in the process of being updated by Newcrest.

### **Mt Korong Joint Venture** (Jindalee 80% 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 a joint venture between Jindalee and Golden State Resources in which Jindalee currently holds an 80% interest. Golden State is further diluting their interest.

A review of historical exploration information highlighted a mineralised structure in the southwest of the project, where previous shallow drilling had intersected narrow intervals of anomalous gold values, including one intersection of 4m at 1300ppb (1.3 g/t Au) from near surface. Upon completion of a heritage survey and the receipt of all necessary departmental and access approvals, this structure will be further tested by a series of reconnaissance drill traverses during the December 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 with Jindalee's 20% interest free carried to completion of a Bankable Feasibility Study.

No exploration was completed on the joint venture tenements during the quarter. Exploration planned for the December quarter includes aircore drilling on the Jeffrey Well tenement, targeting the projected southern extensions of a zone of mineralisation previously identified in the mid 1990's, and surface geochemical sampling and mapping of the Ninden Hill project tenement.

### **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 120 km 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.

During the quarter Alchemy announced further results from infill and extensional drill campaigns at the Hermes gold project, as well as the results from reconnaissance drilling at the Magnus project. Best reported gold intersections from the drilling at Hermes included 16m at 6.95 g/t Au and 8m at 8.8 g/t Au, whilst initial RC drilling at the Central Bore prospect within the Magnus project included intervals of 24m at 3.21 g/t Au and 36m at 2.38 g/t Au. Exploration in both areas is continuing.

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

Jindalee holds an 11% interest in a group of tenements at Cardinia, located 30 km 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.

**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.

A downhole geophysical (EM) survey was undertaken in order to better target potential extensions of the mineralised zones, outlined from the earlier drilling. The results failed to define any significant extensions to the mineralised zones and the project is currently undergoing review.

**Great Western Exploration** **(Jindalee 3.5 % of issued capital)**

Great Western have a diverse project portfolio of projects, mostly located in Western Australia and the Northern Territory that are prospective for nickel, uranium, gold and base metals.

Great Western continued exploration of their Doolgunna project, located 70 km southeast of Sandfire's DeGrussa discovery in a geological setting interpreted by Great Western as being prospective for similar base metal discoveries. A program of soil sampling was completed over a number of targets, outlined from an earlier aerial geophysical (VTEM) survey. Significant soil anomalism was defined over several of these targets that will be the focus of planned drill testing in the coming quarter.

In the Pine Creek district of the Northern Territory, initial drill testing of gold-in-soil anomalies at the Union Reef South prospect returned highly encouraging results, including 4m @ 5.26g/t Au and 4m @ 2.71g/t Au.

**Anchor****(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. The current focus for Anchor is the Wild Cattle Creek antimony deposit, located in northeastern NSW.

Anchor is continuing to advance a scoping study aimed at assessing the development potential of the Wild Cattle Creek deposit.

## **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.

As part of their mine planning process, Golden West completed 2,184 metres of RC sterilization drilling within a portion of joint venture tenement M53/1078. Assay results are pending.

Golden West is planning to undertake revised open pit optimisation studies on the Joyners North resource during the December quarter.

## **NEW PROJECTS**

At 30 September 2010 Jindalee held cash and shares worth approximately \$19.3M (after provision for current tax liabilities), placing the Company in a strong position to acquire new opportunities to create wealth for our shareholders, and this is our primary focus going forward.

Our relatively tight capital structure (only 34.8 million shares on issue) provides shareholders with excellent leverage when the next significant project is secured.

## **CORPORATE**

A special \$0.55 fully franked dividend was forwarded to Shareholders on 23 July 2010.

The 2010 Annual General Meeting (AGM) will be held at Jindalee's offices on 19 November 2010. The Notice of Meeting and Proxy Form for the AGM, together with the 2010 Annual Report, were despatched to shareholders on 13 October 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.

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.