

# JINDALEE

Resources Limited  
ABN 52 064 121 133

## QUARTERLY REPORT TO SHAREHOLDERS

for the three months  
ended 31 December 2010.

### ASX Code - JRL

For further information, contact:

Mr Lindsay Dudfield  
Jindalee Resources Limited

Telephone: 61 8 9321 7550  
Facsimile: 61 8 9321 7950  
Email: [enquiry@jindalee.net](mailto:enquiry@jindalee.net)

Level 2, 18 Kings Park Road  
West Perth WA 6005

PO Box 1033  
West Perth WA 6872

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

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



## HIGHLIGHTS

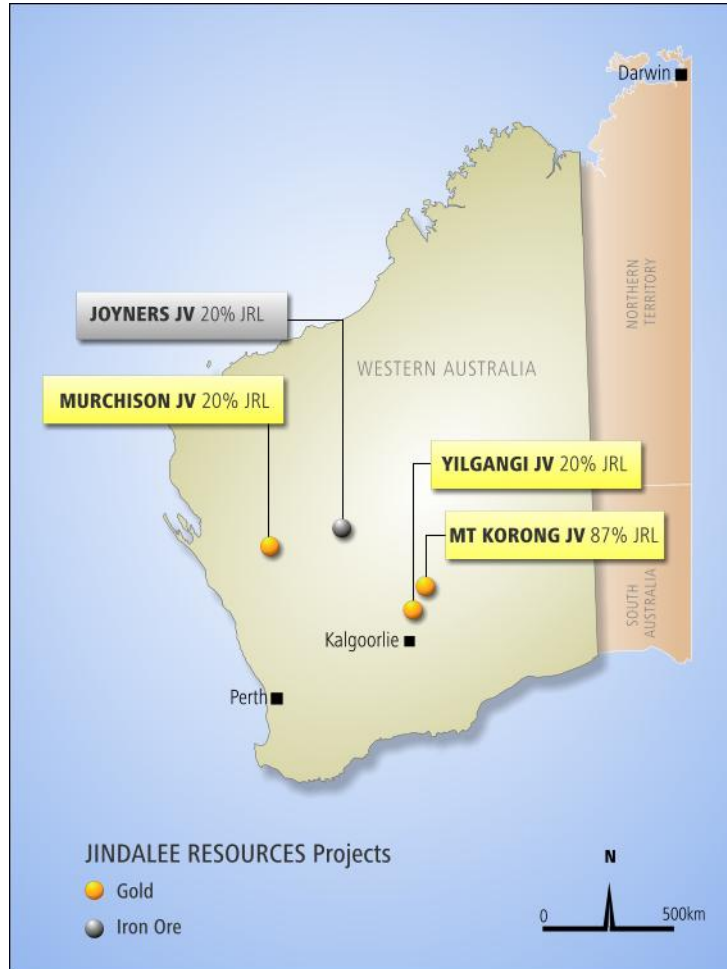
- \* Drilling at Mt Korong returns anomalous gold results including 4m @ 1.3g/t.
- \* Encouraging drill results from Jeffrey Well project (Murchison JV, JRL 20%), including 1m @ 30.2g/t gold.
- \* Alchemy Resources (JRL 10%) continues successful drilling campaigns at Magnus project.
- \* Energy Metals (JRL 10%) continues to intersect encouraging uranium results at Camel Flat.

## FINANCIAL

- \* The Company has a total of 34.8 million shares on issue.
- \* At 31 December 2010 Jindalee had no debt and held cash and shares worth over \$25.7M (equivalent to **\$0.74 per share**) before tax, or \$19.2M (\$0.55 per share) after provision for future tax liabilities.

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

Lindsay Dudfield  
Managing Director  
31 January 2011



*Jindalee Resources – Lead Projects*

## URANIUM

### Energy Metals Ltd

**(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**

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

At Energy Metal’s wholly-owned Camel Flat prospect, south of Bigrlyi, further uranium results were reported from RC drilling designed to follow up on the excellent results obtained from diamond drillholes CFD1001 and CFD1002. Fourteen holes out of a 17 hole program were successfully completed, returning a number of results that confirm the potential at this prospect. Downhole gamma probe results reported by Energy Metals during the quarter included 8.5m @ 808ppm  $eU_3O_8$  and 3.5m @ 1,514ppm  $eU_3O_8$ .

In December, Energy Metals also announced the results of a revised indicated and inferred resource estimate for the Lake Mason project, located 25km NNE of the township of Sandstone. At a 100ppm lower grade cut-off, the published uranium resources at Lake Mason totals 3.7 million pounds contained  $U_3O_8$ .

## 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 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 several intervals containing anomalous gold values, including one intersection of 4m at 1300ppb (1.3g/t) from near surface. During the quarter, 33 vertical reconnaissance RAB drillholes (1,500 metres of drilling) were completed over the projected strike extensions of the mineralised structure on traverses spaced an average 800m apart. A number of anomalous gold results were returned from the northern most line, situated on the margin of the area of historical anomalism. A best result of 4m at 1.2g/t was achieved from within a downhole zone totalling 28m grading 559ppb (0.56 g/t) gold.

Anomalous results obtained from the recent drilling are summarised below:

Table 1. Anomalous gold intersections (above a nominal 0.1g/t Au cutoff): Mt Korong December 2010 quarter drilling.

Drillhole	Northing	Easting	Final depth	Depth From (m)	Depth To (m)	Gold Intersection (ppm)
KOR051	6826000	397450	58m	36	40	4m @ 0.171ppm
KOR051				44	48	4m @ 0.139ppm
KOR052	6826000	397500	74m	40	68	28m @ 0.559ppm
including				40	44	4m @ 1.256ppm
KOR053	6826000	397600	62m	28	32	4m @ 0.223ppm
KOR053				60	62 (EOH)	2m @ 0.132ppm

*Notes: Hole locations were surveyed by handheld GPS and are in the MGA94 co-ordinate system (Zone 51)*

*-All holes were drilled vertical*

*-Gold only assay results were determined on mainly 4m composite samples in parts per billion (ppb) by Quantum Analytical Services of Perth, (method Q-ARM1MS). These results have been reported here in parts per million. (One ppb is equivalent to 0.001ppm or 0.001g/t).*

*-The bedrock mineralisation is interpreted to dip steeply east and the cited intersections are not true width.*

A further program of follow-up drilling is planned for this prospect.

### Murchison Project (Jindalee 20% free carried)

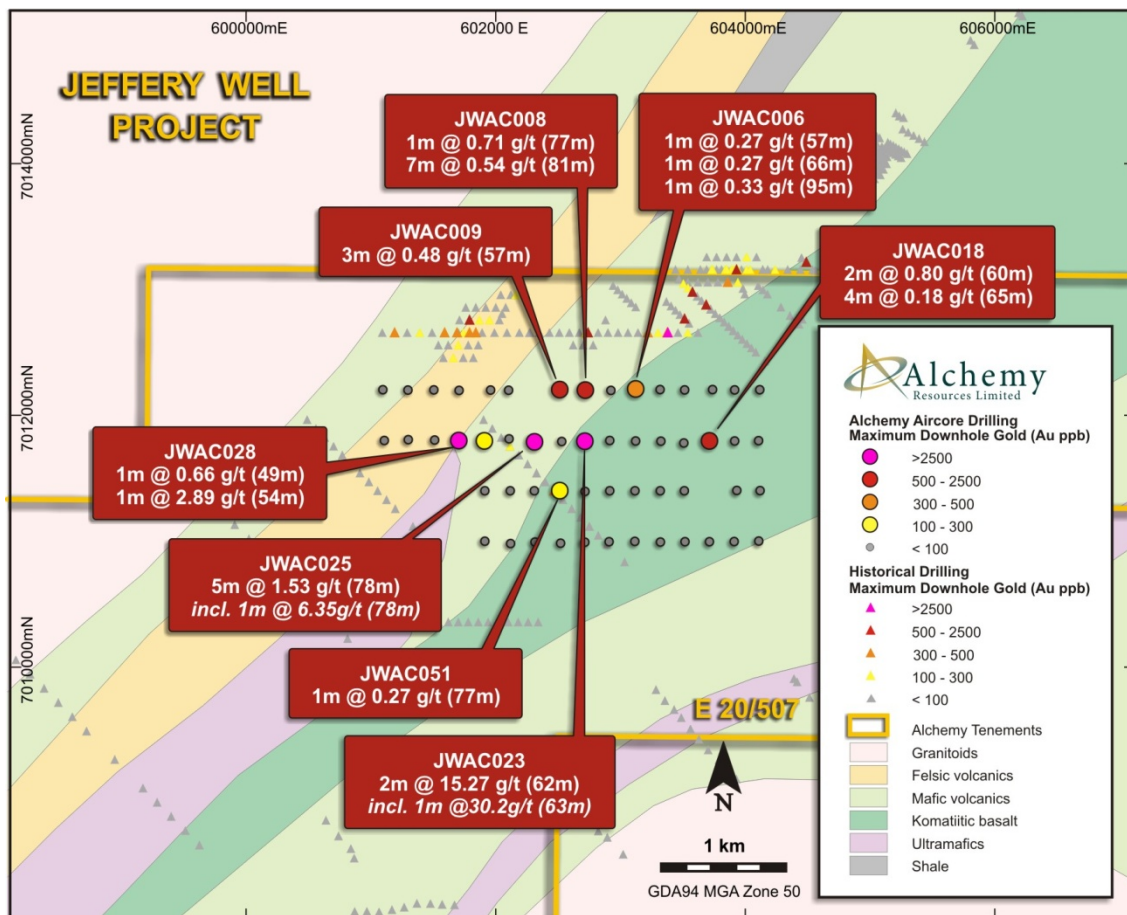
The Murchison Project comprises over 600 km<sup>2</sup> of prospective greenstone, mostly located between the Big Bell Mine (2.8M oz) and Paddys Flat (2M oz). The Project is a Joint Venture with Alchemy Resources (Alchemy) with Jindalee's 20% interest free carried to completion of a Bankable Feasibility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

Exploration completed during the quarter included the drilling of 54 aircore holes for 4,783m on the Jeffrey Well tenement, targeting the projected extensions of a zone of mineralisation, previously identified in the mid 1990's. Drilling was conducted on sections spaced approximately 200m apart.

Gold results (using a lower cut-off of 0.20g/t gold) reported by Alchemy include:

- 2m @ 15.27g/t gold (from 62m), including 1m @ 30.2g/t gold in JWAC023
- 5m @ 1.53g/t gold (from 78m), including 1m @ 6.35g/t gold in JWAC025
- 7m @ 0.54g/t gold (from 81m) in JWAC008, and
- 1m @ 2.89g/t gold (from 54m) in JWAC028.

The results are encouraging and warrant further work to interpret the significance of the high-grade intersection (2m @15.27g/t gold) in hole JWAC023. Alchemy plans to undertake follow-up drilling in late March or April 2011.



**Jeffery Well Project – Location and significant intervals from aircore drill holes completed in December 2010** (source Alchemy Resources announcement dated 24 January 2011 and titled, “Initial drilling returns grades of up to 30g/t gold at Murchison project”)

---

**Yilgangi Project****(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.

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

**Alchemy Resources Ltd****(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.

Alchemy continued to target the Central Bore prospect within the Magnus project where 33 RC holes have now been completed. Drilling of this prospect has returned a number of broad, moderate to low grade intersections containing selected higher grade intercepts, such as 9 metres at 7.2g/t, 9 metres at 7.8g/t and 3 metres at 10.3g/t. Alchemy is currently reviewing the results ahead of further drilling.

Outside of the joint venture areas, the results of infill aircore drilling by Alchemy on the Big Bell North project has established the presence of a 2.5 kilometre-long anomalous gold zone. Recent intersections announced by Alchemy include 32m at 0.33g/t and 12m at 0.43g/t. A program of RC drilling has been proposed for coming quarters to assess gold content in the bedrock associated with this extensive zone of anomalism.

**Cardinia Joint Venture****(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.

**BASE METALS****Great Western Exploration Ltd****(Jindalee 2.4 % of issued capital)**

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

Great Western is continuing exploration of their Doolgunna project, located 70km southeast of Sandfire's DeGrussa discovery in a geological setting interpreted by Great Western as being prospective for similar base metal discoveries. Following the grant of additional licences, Great Western's ground holding in the region now exceed 1,750 square kilometres.

A ground TEM geophysical survey outlined 36 targets, several of which are being tested by RC drilling as part of an initial 30 hole program, of which 15 holes had been completed by the end of the quarter. Although no zones of massive sulphide had been intersected to date, Great Western reported the presence of rock types and alteration that supported their target model. This first pass drill program is expected to be completed in January 2011.

### **Anchor Resources Ltd**                      **(Jindalee 5.1% of issued capital)**

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

During the quarter Anchor announced the results of a revised resource estimate for the Wild Cattle Creek deposit. At a cutoff of 0.5% antimony (Sb), the deposit is reported to contain 18,700 tonnes of antimony metal (1.06Mt @ 1.77% Sb) of which 60% was included in the higher confidence indicated resource category (*refer Anchor announcement dated 9<sup>th</sup> December 2010 titled "Anchor Upgrades Antimony Resource" for details*). The resource also includes significant gold and tungsten, both of which have the potential to add further value. A scoping study is being progressed to evaluate the economic potential of this resource.

Late in the quarter Anchor received an unsolicited takeover offer from Chinese metal producer, China Shandong Jinshunda Group Co Ltd and priced at a significant premium to the then prevailing share price, further highlighting the value of Jindalee's investment in Anchor.

## **IRON ORE**

### **Joyners Project**                                      **(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.

No further exploration was undertaken on the joint venture tenements during the quarter.

## NEW PROJECTS

Jindalee's strong asset base, including cash and shares worth approximately \$19.2M (after provision for future tax liabilities), as well as our tight capital structure (only 34.8M shares on issue) provide a strong base from which to leverage into significant new opportunities. Considerable focus continues to be directed toward securing projects that have the potential to provide the strongest possible growth in shareholder value.

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.