

The logo for JINDALEE features a large, stylized red letter 'J' on the left. To its right, the word 'INDALEE' is written in a bold, black, sans-serif font. The 'I' is slightly taller than the other letters, and the 'A' has a unique shape with a horizontal bar.

JINDALEE
RESOURCES LIMITED

ACN 064 121 133

Half Yearly Financial Statements

31 December 2010

CORPORATE DIRECTORY

DIRECTORS

Mark Richard Scott
Non-Executive Chairman

Lindsay George Dudfield
Managing Director

Patricia Anne Farr
Executive Director/Company Secretary

REGISTERED OFFICE

Level 2, 18 Kings Park Road
WEST PERTH WA 6005

POSTAL ADDRESS

PO Box 1033
WEST PERTH WA 6872

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

SHARE REGISTRY

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CONTACT DETAILS

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COMPANY SECRETARY

Ross Gregory Ledger

STOCK EXCHANGE LISTING

Australian Stock Exchange Limited
ASX Code : **JRL**

BANKERS

National Australia Bank Limited
100 St Georges Terrace
PERTH WA 6000

THE DIRECTORS' REPORT

Your Directors present the financial statements for the consolidated entity consisting of Jindalee Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

DIRECTORS

The names of the Directors who were directors of Jindalee Resources Limited during the whole of the half-year and up to the date of this report are:

Mark Scott (63) *MSc, MComm (Hons)*

Lindsay Dudfield (54) *B.Sc.*

Patricia Farr (39) *GradCertProfAcc. GAICD*

REVIEW OF OPERATIONS

The principal activity of the Consolidated Entity is mineral exploration. The Consolidated Entity continued its strategy of acquiring prospective acreage and, where appropriate, introducing third parties to fund the higher risk and/or expensive stages of exploration, often for a significant interest in the partnering company. Management also evaluated a number of advanced projects during the period and will continue to appraise suitable opportunities to grow the Consolidated Entity and create wealth for shareholders.

On 31 May 2010 the Company announced a \$0.55 per share fully franked special dividend to be paid to shareholders on the register as at 15 July 2010. Dividend cheques were subsequently despatched on 23 July 2010.

The Consolidated Entity incurred an operating profit after income tax for the half year ended 31 December 2010 of \$54,092 (half year ended 31 December 2009: operating profit after income tax of \$29,877,896).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 13 of this half-year report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



LINDSAY DUDFIELD
Managing Director

PERTH
28 February 2011

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements, and notes set out on pages 4 to 12, are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



LINDSAY DUDFIELD
Managing Director

PERTH
28 February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2010

	Notes	Consolidated	
		31 December 2010 \$	31 December 2009 \$
Revenue from continuing operations		525,165	391,436
Gain recognised on disposal of interest in former subsidiary		-	45,195,028
Gain/(loss) on disposal of AFS assets		313,679	(16,529)
Depreciation expenses		(16,675)	(36,988)
Corporate regulatory expenses		(42,036)	(703,446)
Employee benefits expenses		(191,453)	(299,511)
Exploration expenditure written off		(372,135)	(14,698)
Expenses related to disposal of subsidiary		-	(2,439,385)
Administration expenses		(129,370)	(223,747)
Profit before income tax		87,175	41,852,160
Income tax expense		(33,082)	(11,974,264)
Profit for the half-year		54,093	29,877,896
Other comprehensive income			
Revaluation of investments taken to equity		5,377,213	2,197,078
Other comprehensive income for the period		5,377,213	2,197,078
Total comprehensive income for the period		5,431,306	32,074,973
Profit is attributable to:			
Owners of the parent		54,093	31,139,102
Non-controlling interests		-	(1,261,206)
		54,093	29,877,896
Total comprehensive income attributable to:			
Owners of the parent		5,431,306	32,074,973
Non-controlling interests		-	-
		5,431,306	32,074,973
Basic earnings per share (cents)	5	0.16	94.95
Diluted earnings per share (cents)	5	0.16	92.53

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	<i>Consolidated</i>	
		31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		6,841,816	33,276,710
Trade and other receivables		83,419	24,438
TOTAL CURRENT ASSETS		6,925,235	33,301,148
NON CURRENT ASSETS			
Property, plant & equipment		78,945	87,484
Exploration and evaluation expenditure		363,318	610,923
Available for sale financial assets	3	18,995,633	11,308,514
TOTAL NON CURRENT ASSETS		19,437,896	12,006,921
TOTAL ASSETS		26,363,131	45,308,069
CURRENT LIABILITIES			
Trade and other payables		-	78,444
Dividend payable		196,602	19,137,126
Provision for annual leave		17,281	21,632
Current tax liabilities		81,894	8,340,159
TOTAL CURRENT LIABILITIES		295,777	27,577,361
Provision for long service leave		16,846	16,000
Deferred tax liabilities		5,348,158	3,118,664
NON-CURRENT LIABILITIES		5,365,004	3,134,664
TOTAL LIABILITIES		5,660,781	30,712,025
NET ASSETS		20,702,350	14,596,044
EQUITY			
Contributed equity	4	7,207,254	6,532,254
Retained earnings		3,344,716	3,290,623
Reserves		10,150,380	4,773,167
TOTAL EQUITY		20,702,350	14,596,044

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2010

	<i>Consolidated</i>	
	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Receipts in the course of operations	-	578,312
Payments in the course of operations	(444,478)	(2,428,708)
Interest received	466,184	166,789
Income tax paid	(8,340,159)	-
Net cash outflow from operating activities	(8,318,453)	(1,683,607)
Cash flows from investing activities		
Payments for exploration, evaluation & development expenditure	(124,530)	(1,505,310)
Payments for property, plant & equipment	(8,136)	(164,926)
Receipts from sale of investments	363,679	-
Payment for equity investments	(81,930)	-
Proceeds from sale of subsidiaries net of subsidiary's cash disposed of	-	29,813,006
Net cash inflow from investing activities	149,083	28,142,770
Cash flows from financing activities		
Payment of dividend	(18,940,524)	-
Proceeds from issue of shares net of costs	675,000	391,500
Net cash inflow/(outflow) from financing activities	(18,265,524)	391,500
Net (decrease)/increase in cash and cash equivalents held	(26,434,894)	26,850,663
Cash and cash equivalents at the beginning of reporting period	33,276,710	5,931,179
Cash and cash equivalents at the end of reporting period	6,841,816	32,781,842

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the half-year ended 31 December 2010

	Contributed equity	Share-based payment reserve	Available for sale investments revaluation reserve	Retained earnings/accumulated losses	Total equity
	\$	\$	\$	\$	\$
At 1 July 2010	6,532,254	1,589,600	3,183,567	3,290,623	14,596,044
Total comprehensive income for the half-year:					
Profit/(loss) for the half-year	-	-	-	54,093	54,093
<i>Other comprehensive income</i>					
Revaluation of investments	-	-	5,377,213	-	5,377,213
Total comprehensive income for the half-year	-	-	5,377,213	54,093	5,431,306
Transactions with owners in their capacity as owners					
Issue of shares	675,000	-	-	-	675,000
At 31 December 2010	7,207,254	1,589,600	8,560,780	3,344,716	20,702,350

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the half-year ended 31 December 2010 (continued)

	Contributed equity	Share-based payment reserve	Available for sale investments revaluations reserve	Investments using the entity method of accounting for dilution gains reserves	Retained earnings/ accumulated losses	Non-control-ling interest	Total equity
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2009	6,307,254	2,910,186	1,874,776	2,652,177	(3,551,504)	9,902,420	20,095,309
Total comprehensive income for the half-year:							
Profit/(loss) for the half-year	-	-	-	-	31,139,102	(1,261,206)	29,877,896
<i>Other comprehensive income:</i>							
Revaluation of investments	-	-	2,197,078	-	-	-	2,197,078
Total comprehensive income for the half-year	-	-	2,197,078	-	31,139,102	(1,261,206)	32,074,973
Transactions with owners in their capacity as owners							
Disposal of non-controlling interests	-	(1,320,586)	-	(2,652,177)	(1,261,206)	(8,641,214)	(13,875,183)
At 31 December 2009	6,307,254	1,589,600	4,071,854	-	26,326,392	-	38,295,100

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

1. Significant Accounting policies

Basis of preparation of the half-year statements

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These half yearly financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Jindalee Resources Limited during the interim reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

AASB 2009-5 Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods.

2. Segment Information

Management has determined that the Group has one reportable segment, being mineral exploration in Australia. Prior to the loss of control of the Group's former subsidiary, the Group managed the Company and its subsidiary, Energy Metals Limited, separately hence had two reportable segments. As the Group is focused on mineral exploration, the Board periodically monitors the Group based on actual versus budgeted exploration expenditure incurred on the Group as a whole. This internal reporting framework is most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration programmes and activities, while also taking into consideration the results of exploration work that has been performed to date.

	Jindalee	Energy Metals	Total
	\$	\$	\$
Half-year ended 31 December 2010			
<i>Reconciliation of segment revenue to Group revenue</i>			
Revenue from external sources	-	-	-
Unallocated revenue			525,165
Total revenue			<u>525,165</u>
 <i>Reconciliation of segment result to Group profit</i>			
Segment result	(282,886)	-	(282,886)
Unallocated			
- Interest revenue			525,165
- Corporate expenses and other costs			(155,105)
Profit before tax			<u>87,175</u>
 As at 31 December 2010			
<i>Reconciliation of segment assets to Group assets</i>			
Segment assets	26,363,131	-	26,363,131
Intersegment eliminations			-
Total assets			<u>26,363,131</u>

2. Segment Information (continued)

Half-year ended 31 December 2009	\$	\$	\$
<i>Reconciliation of segment revenue to Group revenue</i>			
Revenue from external sources	101,683	212,861	314,544
Unallocated revenue			76,892
Total revenue			<u>391,436</u>
 <i>Reconciliation of segment result to Group profit</i>			
Segment result	(241,029)	-	(241,029)
Unallocated			
- Interest revenue			76,892
- Corporate expenses and other costs			(739,346)
- Gain on sale of subsidiary net of expenses			42,755,643
Profit before tax			<u>41,852,160</u>
 As at 31 December 2009			
<i>Reconciliation of segment assets to Group assets</i>			
Segment assets	51,327,092	-	51,327,092
Intersegment eliminations			-
Total assets			<u>51,327,092</u>

3. Available for Sale Financial Assets

	31 December 2010	30 June 2010
	\$	\$
Shares in listed corporations	<u>18,995,633</u>	<u>11,308,514</u>

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

4. Contributed Equity

During the half-year reporting period the Company issued 1,500,000 ordinary shares for \$675,000 on exercise of 1,500,000 share options. There were no other movements in the ordinary share capital of the company in the current reporting period (2009: no movements).

5. Earnings Per Share

	31 December 2010 \$	31 December 2009 \$
Profit used in calculation of basic and diluted earnings per share	54,092	31,139,102
Basic earnings per share (cents per share)	0.16	94.95
Diluted earnings per share (cents per share)	0.16	92.53
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share.	34,704,611	32,794,775
Adjustments for calculation of diluted earnings per share:		
Options	-	858,983
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>34,704,611</u>	<u>33,653,758</u>

6. Contingencies and Commitments

There has been no change in contingent liabilities, contingent assets or commitments since the last annual reporting date, 30 June 2010.

7. Events Occurring After Balance Date

There are no events subsequent to the end of the financial period that would have a material effect on these financial statements.

28th February 2011

Jindalee Resources Ltd
The Board of Directors
Level 2
18 Kings Park Road
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
JINDALEE RESOURCES LIMITED

As lead auditor of Jindalee Resources Limited for the half year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Jindalee Resources Limited and the entity it controlled during the period.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JINDALEE RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Jindalee Resources Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entity it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Jindalee Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Jindalee Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.




Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jindalee Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

Bdo Audit


Chris Burton
Director

Perth, Western Australia
Dated this 28th day of February 2011