

JINDALEE

Resources Limited
ABN 52 064 121 133

QUARTERLY REPORT

for the three months ended
31 December 2017

ASX Code - JRL

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

www.jindalee.net



Pip Darvall
Chief Executive Officer
31 January 2018

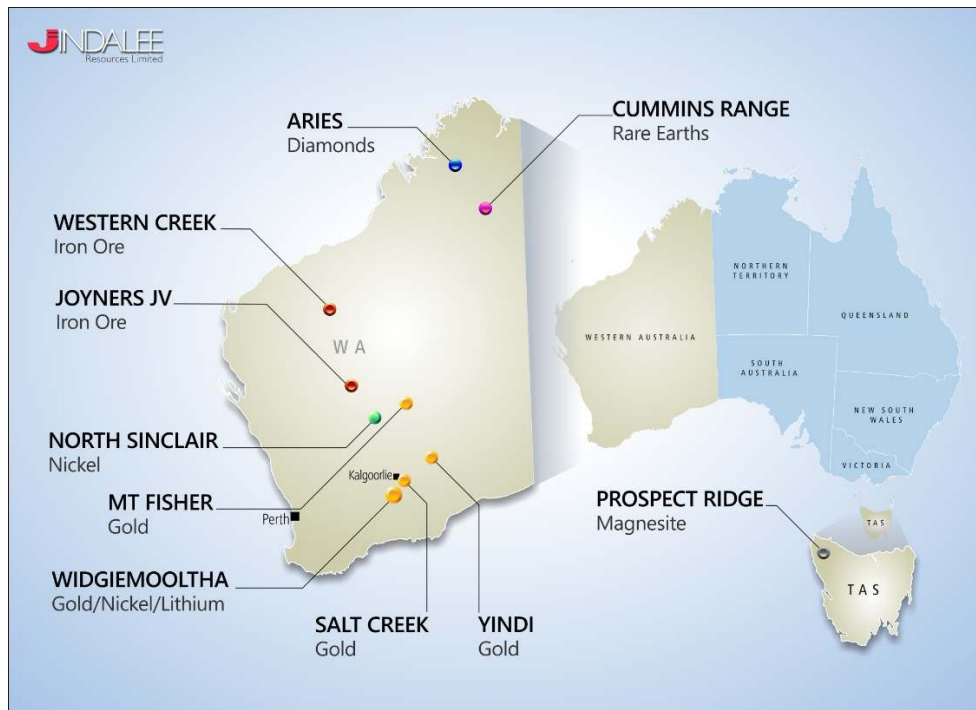


Figure 1: Location of Jindalee's key projects

HIGHLIGHTS

- * Diamond Rights Agreement executed with Celsius Resources Limited (ASX: CLA) expanding the Aries Diamond Project area to cover additional kimberlite pipe and alluvial diamond potential.
- * An additional 15 tenement applications were lodged over areas in WA prospective for gold and nickel, particularly in the Widgiemooltha area.
- * Alchemy (JRL 5.1%) announced encouraging drill intercepts at Karonie with further drilling about to commence.

FINANCIAL

- * The Company has a total of 34.9 million shares on issue.
- * At 31 December 2017, Jindalee had no debt and held cash and shares worth \$4.9M (equivalent to \$0.14 per share).

MAGNESITE

Prospect Ridge Project (Jindalee 100%)

The Prospect Ridge Project comprises one granted Exploration Licence (EL5/2016), covering the Arthur River and Lyons River magnesite deposits, located 55km southwest of Burnie in NW Tasmania¹ (Figure 2). Geoscience Australia’s website notes that the Arthur-Lyons River area covered by Jindalee’s application contains the third largest inventory of magnesite Economic Demonstrated Resources in Australia (refer www.ga.gov.au).

Magnesite is the primary source of magnesia (MgO), mainly used in agriculture, mineral processing, paper manufacture and refractory industries. Magnesia is also used to produce magnesium (Mg), a light metal widely used in the aerospace, automotive and electronics industries. In May 2016 the Toyota Research Institute announced a breakthrough which could lead to magnesium eventually replacing lithium as a safer, more energy dense option for rechargeable batteries.

Following on from the resource estimate for the Arthur River deposit previously announced¹, metallurgical test work on composite samples of both oxidised and fresh magnesite mineralisation from the deposit continued throughout the December quarter. Several combinations of calcine and flotation processes are being trialled at a small scale prior to selection of a preferred route for larger scale tests. Results from the work to date have been mixed. The Company is testing several alternatives to improve recoveries, with results to be announced once all stages of the program are complete.

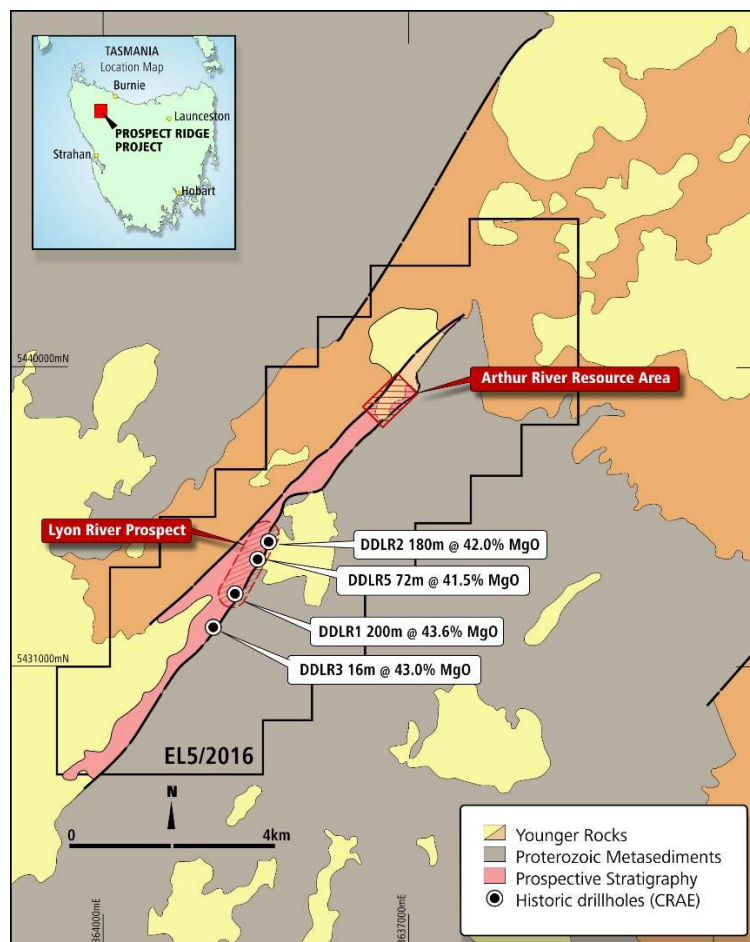


Figure 2: Prospect Ridge Project location and geology.

GOLD and BASE METALS

Widgiemooltha Project (Jindalee 100%)

Jindalee has been applying for open ground in the Widgiemooltha district since 2016, with a total of 20 exploration licence applications and 4 live tenements now held (Figure 3). Numerous historic and currently operating gold and nickel mines are present in the district, and significant new discoveries continue to be made (e.g. Invincible – Goldfields, Baloo – S2 Resources). More recently the potential for pegmatite related mineralisation (e.g. lithium, caesium, tantalum and tin) has been identified and adds further prospectivity to the ground already held.

A review of the considerable volume of historic work conducted in the district has commenced to assist in the identification of high priority targets for follow-up as tenements are granted.

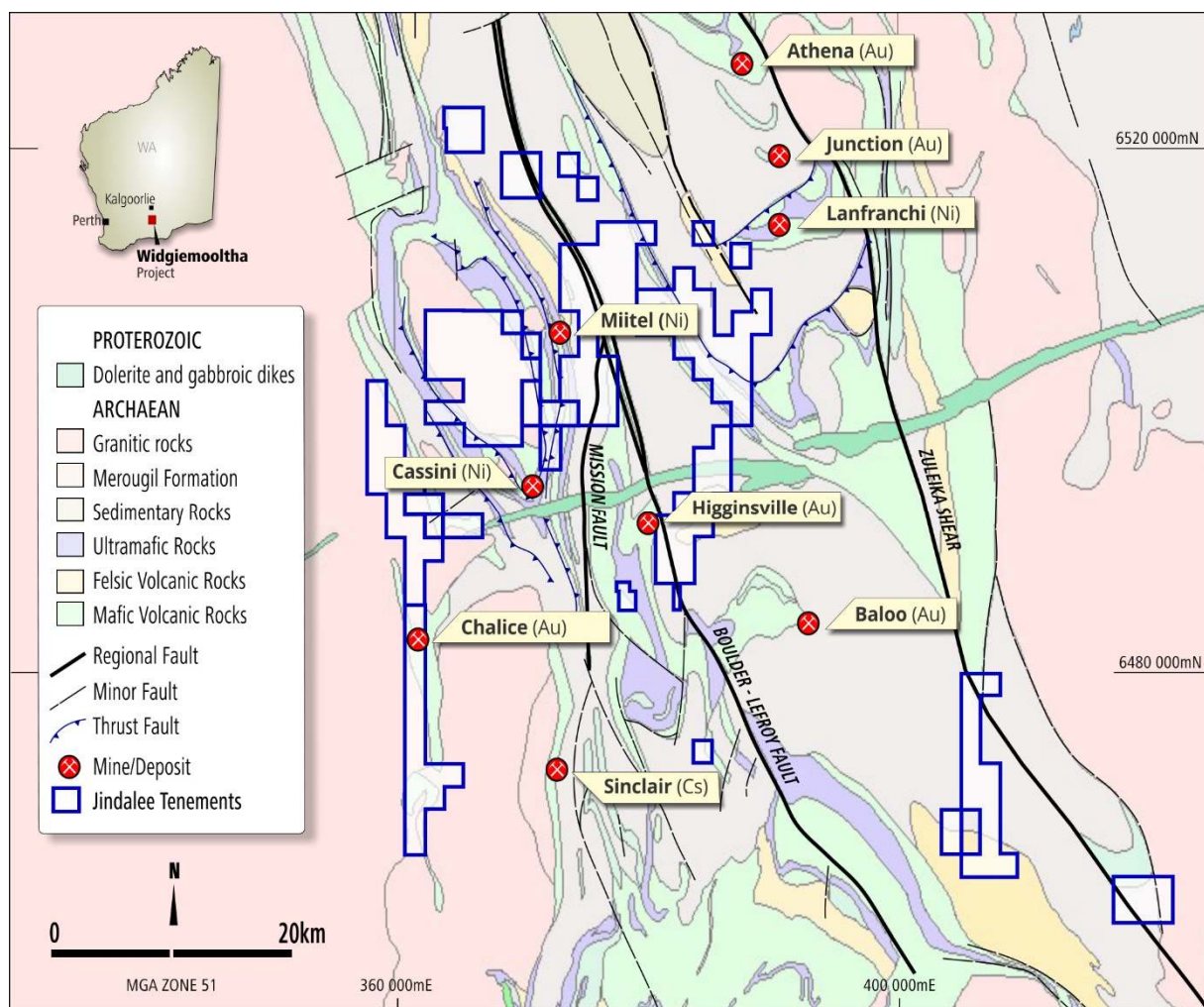


Figure 3: Widgiemooltha Project tenements over regional geology.

Yindi

(Jindalee 100%)

The Yindi Project comprises an uncontested Exploration Licence application (E28/2708) located 135km NE of Kalgoorlie (Figure 4). The tenement, which has been recommended for grant, covers the southern end of the highly endowed Laverton Tectonic Zone and abuts Apollo Consolidated’s (ASX: AOP) Rebecca Project. Apollo has reported additional positive drill intercepts and results from metallurgical testwork during the quarter², and Jindalee looks forward to commencing field work upon grant of tenure.

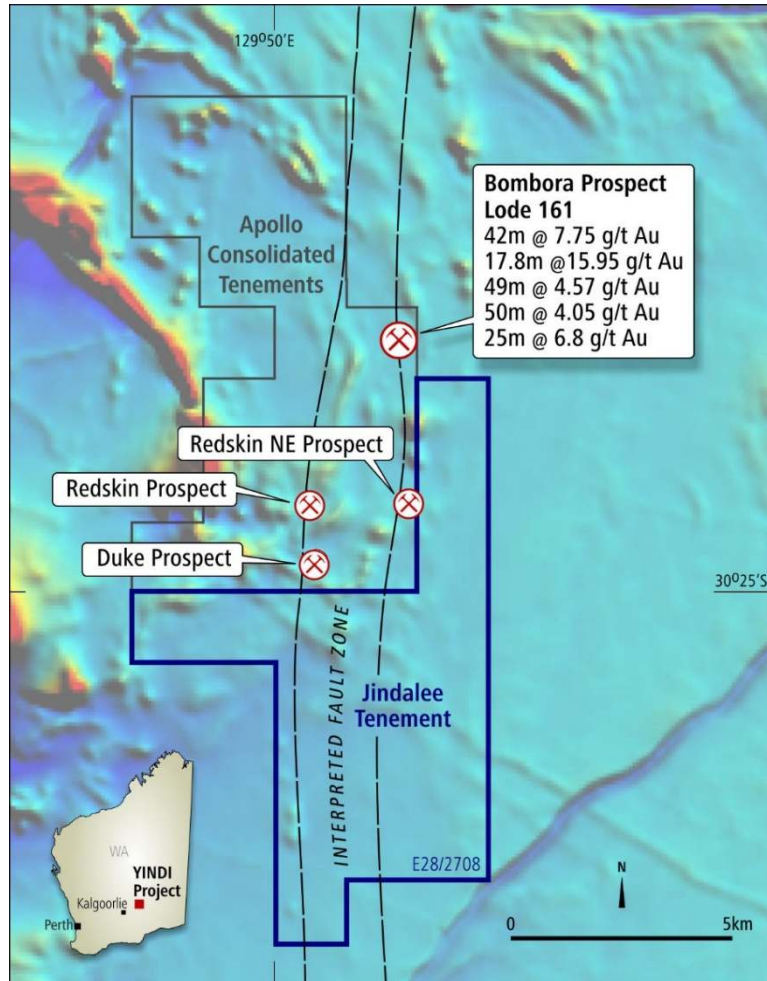


Figure 4: Yindi Project tenements over regional aeromagnetics.

Alchemy Resources (Jindalee 5.1% of issued capital)

Jindalee is Alchemy Resources Limited’s (ASX: ALY) third largest shareholder, providing shareholders with exposure to Alchemy’s Bryah Basin gold and base metals project (WA), the Karonie gold project (WA), and a joint venture with Heron Resources Limited over gold and base metal prospective properties in central NSW (the Cobar Basin/Lachlan Fold Belt Projects).

During the quarter Alchemy announced encouraging gold intercepts from wide-spaced first pass aircore drilling targeting altered dolerite and geophysical anomalies at Karonie³. Alchemy also advised that a Program of Works for first pass RAB drilling to test shallow targets along strike from Breaker Resources’ Bombora discovery had been lodged with the DMIR&S⁴. Drilling is expected to commence in February 2018. Further information on Alchemy Resources’ activities can be found in their announcements and on their website, www.alchemyresources.com.au.

DIAMONDS

Aries Project

(Jindalee E80/5027 and E04/2512, diamond rights on E80/5117)

Jindalee’s Aries project is located in the central Kimberley region of Western Australia, approximately 270km east of Derby. The project comprises a granted Exploration Licence (E80/5027), an exploration licence application (E04/2512), and the diamond rights on an adjacent tenement (E80/5117), Figure 5.

E80/5027 covers the Aries kimberlite cluster, including the Aries, Athena, Helena and Persephone diamondiferous kimberlite pipes. Jindalee believes that there is very good potential for a focused diamond explorer to find additional diamondiferous pipes and alluvial diamond deposits in the area. Encouragingly, 95% of the diamonds recovered from the project have been gem quality.

During the quarter, a review of historic exploration activities highlighted the potential for kimberlite pipes and alluvial diamond deposits in areas outside E80/5027. An agreement was subsequently negotiated with Celsius Resources Limited to purchase the diamond rights on their neighbouring tenement E80/5117, in exchange for the base metals rights on E80/5027. An additional tenement application (E04/2512) was lodged subsequent to the end of the quarter to cover the remaining priority targets identified in the district. The overall Aries Project now covers a substantial 1048 km², with numerous targets warranting follow up. Jindalee is currently considering various options to further advance the Project.

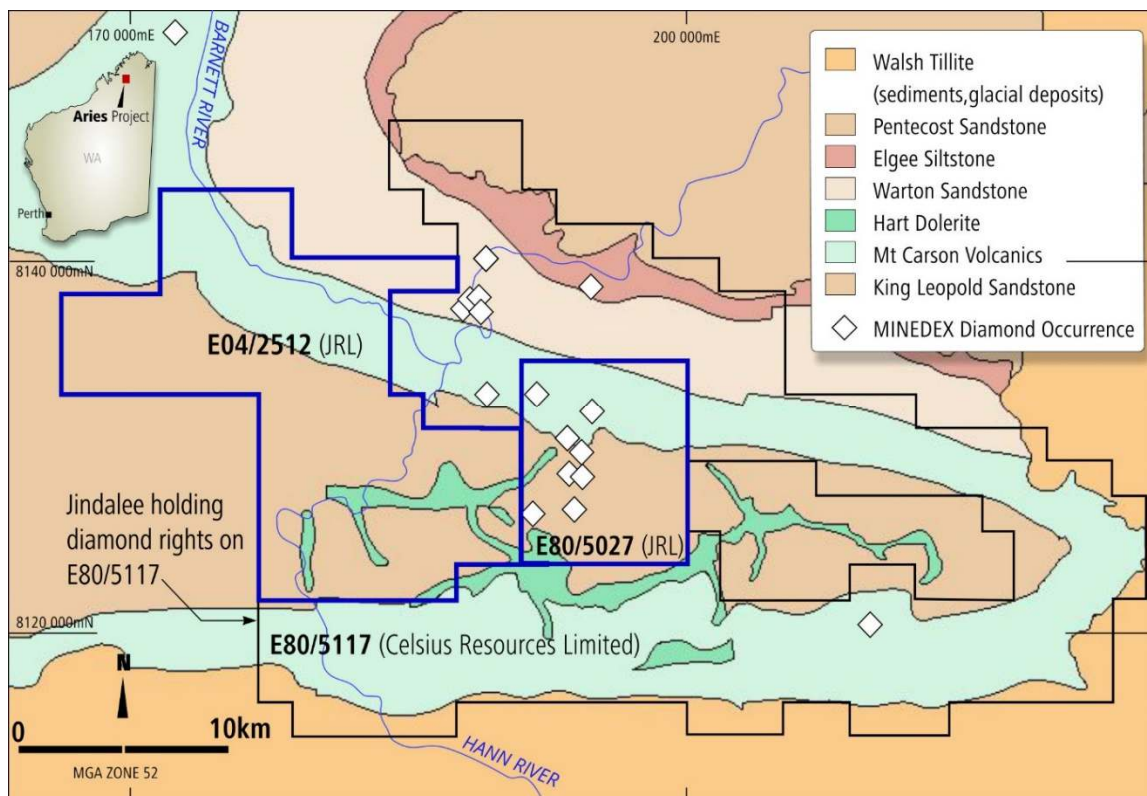


Figure 5: Aries Project tenure and geology showing historic diamond occurrences.

IRON ORE

Joyners

(Jindalee 20% free carried)

The Joyners project is a joint venture with GWR Group Limited and forms a part of GWR's much larger Wiluna West project. GWR has earned an 80% interest in M53/1078, with Jindalee maintaining a 20% equity position, free-carried through to completion of a Bankable Feasibility Study. The joint venture tenement contains previously published indicated and inferred iron oxide resources at Joyners North. No work was completed at Joyners during the period apart from fulfilment of statutory requirements.

RARE EARTHS

Cummins Range

(Jindalee 100%)

The Cummins Range project comprises a single Exploration Licence (E80/5091) applied for during the period and located approximately 125km SW of Halls Creek in the southeastern Kimberley, WA. The tenement includes the Cummins Range rare earth oxide (REO) deposit previously explored by Kimberley Rare Earths Limited (KRE). In February 2012 KRE estimated an inferred resource of 4.9Mt @ 1.74% TREO (total rare earth oxides) at a 1% cut-off.⁵

Jindalee's application is subject to competing applications from three other parties with priority likely to be determined by ballot.

URANIUM

Energy Metals

(Jindalee 6.7% 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 (ASX: EME) controls 8 projects (total area >4,000 km²) located in the Ngalia Basin in the Northern Territory (NT) and in Western Australia (WA), with most projects containing uranium mineralization or defined resources. Exploration has largely been concentrated on the main Bigrlyi Project in NT (53.3% owned by Energy Metals), where significant uranium resources have been defined and a prefeasibility study completed. More recently, increasing attention has been turned to other wholly-owned prospects in the region, where there is demonstrated potential to define additional Bigrlyi-style resources.

During the quarter Energy Metals announced an inferred resource of 542 tonnes U₃O₈ at 1288ppm at the historic Malawiri deposit in the eastern Ngalia Basin, NT (note 52.1% owned by Energy Metals)⁶.

Further information on Energy Metals' activities can be found in Energy Metals ASX announcement and on their website, www.energymetals.net

CORPORATE

Jindalee's AGM was held at the Company's office on 22 November 2017, with proxy votes received overwhelmingly in favour of all resolutions.

At 31 December 2017, Jindalee held cash and marketable securities worth approximately \$4.9M. These assets, combined with our tight capital structure (34.9M shares on issue), provide a strong base for leverage into new opportunities.

Considerable effort continues to be employed in the identification and review of projects with the potential to transform the Company.

ADDITIONAL INFORMATION

Notes:

1. Reference: JRL's announcement to ASX dated 10 October 2017 and titled, "*Arthur River Magnesite Deposit – JORC (2012) Resource Estimate*".
2. Reference: Apollo Consolidated Limited announcement to ASX dated 5 January 2018 and titled, "*Excellent Initial Metallurgical Results Rebecca Project*", and preceding ASX announcements by Apollo Consolidated Limited.
3. Reference: Alchemy Resources Limited announcement to ASX dated 30 October 2017 and titled, "*Significant Gold Anomalies from Karonie Gold Project*".
4. Reference: Alchemy Resources Limited announcement to ASX dated 23 November 2017 and titled, "*AGM Presentation*".
5. Reference: Kimberley Rare Earths announcement to ASX dated 13 February 2012 and titled, "*Cummins Range update*".
6. Reference: Energy Metals Limited announcement to ASX dated 14 December 2017 and titled, "*542 tonnes U₃O₈ Maiden JORC Resource: Malawiri Deposit (NT)*".

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Pip Darvall and Mr Lindsay Dudfield. Mr Darvall is an employee of the Company and Mr Dudfield is a consultant to the Company. Both Mr Darvall and Mr Dudfield are members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Both Mr Darvall and Mr Dudfield have sufficient experience, relevant to the styles of mineralisation and types of deposits under consideration, and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves.' Both Mr Darvall and Mr Dudfield consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

This document may contain certain forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Jindalee Resources Limited's (Jindalee's) current expectations, estimates and projections about the industry in which Jindalee operates, and beliefs and assumptions regarding Jindalee's future performance. When used in this document, the words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "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 are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Jindalee and no assurance can be given that actual results will be consistent with these forward-looking statements.

Tenement Information

Project	Tenement ID	Location	Status	Interest at beginning of Qtr	Interest at end of Qtr
Cowan	E15/1548	Western Australia	Application	100%	0%
Planets	E15/1549	Western Australia	Granted	100%	100%
Widgie	E15/1552	Western Australia	Granted	100%	100%
Higginsville	E15/1560	Western Australia	Application	100%	100%
Highway	E15/1563	Western Australia	Application	100%	100%
Railway	E15/1564	Western Australia	Granted	100%	100%
Highway	E15/1577	Western Australia	Application	100%	0%
Highway	E15/1578	Western Australia	Application	100%	100%
Highway	E15/1580	Western Australia	Application	100%	0%
Wannaway	E15/1598	Western Australia	Application	100%	100%
Widgie	E15/1602	Western Australia	Application	100%	0%
Wannaway	E15/1614	Western Australia	Application	100%	100%
Highway	E15/1617-19	Western Australia	Application	100%	100%
Lawry	E15/1622-3	Western Australia	Application	100%	0%
Lawry	E15/1624-6	Western Australia	Application	0%	100%
Planets	E15/1627	Western Australia	Application	0%	100%
Douglas	E15/1630-1	Western Australia	Application	0%	100%
Douglas	P15/6184-5	Western Australia	Application	0%	100%
Thelma Dam	E16/502	Western Australia	Application	0%	100%
Salt Creek	E25/562	Western Australia	Application	100%	100%
Yindi	E28/2708*	Western Australia	Application	100%	100%
Victoria	E28/2711*	Western Australia	Application	100%	100%
North Sinclair	E36/895	Western Australia	Application	100%	100%
Camel Bore	E36/910	Western Australia	Application	100%	100%
Brilliant	E36/915	Western Australia	Application	0%	100%
New Bore	E38/3211	Western Australia	Granted	100%	100%
Kelly Well	E38/3272	Western Australia	Application	100%	100%
Kenya	E39/1998	Western Australia	Granted	100%	100%
Kenya	E39/2005	Western Australia	Granted	100%	100%
Prairie Downs	E52/3445	Western Australia	Application	100%	100%
Western Creek	E52/3520	Western Australia	Application	100%	100%
Buna	E52/3589	Western Australia	Application	0%	100%
Butler	E52/3595	Western Australia	Application	0%	100%
Mt Fisher	E53/1898	Western Australia	Granted	100%	100%
Firestrike	E53/1911*	Western Australia	Application	100%	100%
Millrose	E53/1962	Western Australia	Application	100%	100%
Tokay	E57/1061	Western Australia	Application	100%	100%
Windimurra	E58/513	Western Australia	Application	100%	100%
Taipan	E63/1823	Western Australia	Granted	100%	100%
Jeffreys Find	E63/1832	Western Australia	Granted	100%	100%
Killaloe	E63/1835-6	Western Australia	Application	100%	0%
Chalice	E63/1839	Western Australia	Application	100%	100%
Killaloe	E63/1874-5	Western Australia	Application	0%	100%
Bremer	E63/1885	Western Australia	Application	0%	100%
Westonia	E77/2444	Western Australia	Application	100%	100%
Aries	E80/5027	Western Australia	Granted	100%	100%
Cummins Range*	E80/5091	Western Australia	Application	100%	100%
Joyners	M53/1078-I	Western Australia	Granted	20%	20%
Prospect Ridge	EL5/2016**	Tasmania	Granted	100%	100%

* Tenement held or applied for through JRL's wholly-owned subsidiary, Eastmin Pty Ltd

**Tenement held or applied for through JRL's wholly-owned subsidiary, HiTec Minerals Pty Ltd