

# JINDALEE

Resources Limited  
ABN 52 064 121 133

## QUARTERLY REPORT

for the three months ended  
31 March 2017

## 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)



Lindsay Dudfield  
Managing Director  
28 April 2017

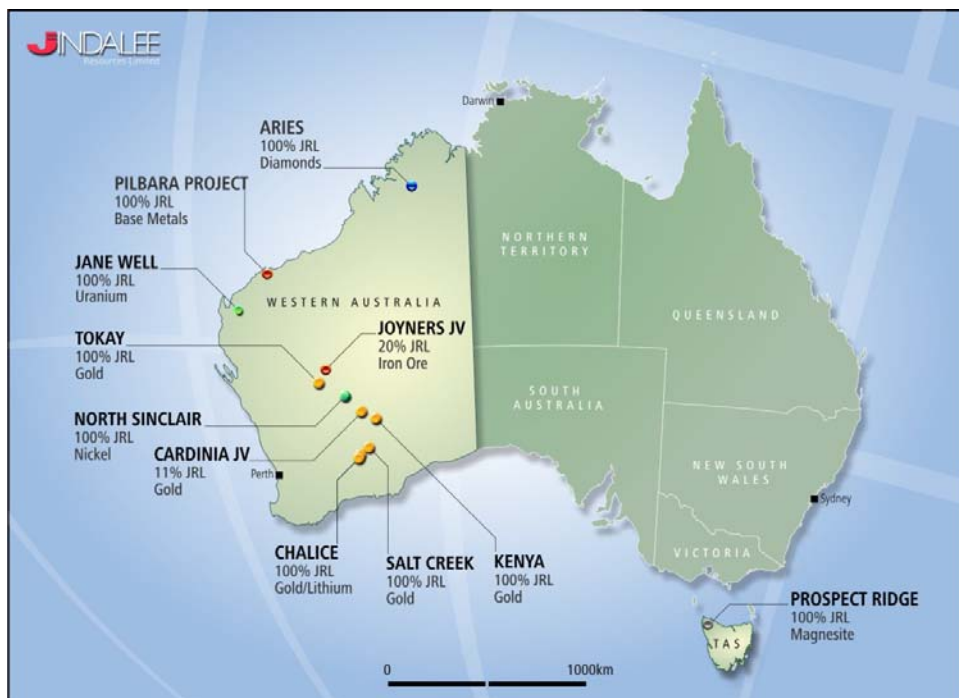


Figure 1 - Project Location Plan

## HIGHLIGHTS

- \* Exploration data for Prospect Ridge acquired during the period, estimation of JORC 2012 compliant resource can now commence
- \* Additional tenement applications lodged over areas in WA prospective for gold, base metals and iron ore
- \* Alchemy (JRL 7.6%) intersects high grade gold-silver values from initial drill hole at the Overflow prospect (NSW), including:  
**11m @ 3g/t Au & 144g/t Ag**

## FINANCIAL

- \* The Company has a total of 34.8 million shares on issue
- \* At 31 March 2017, Jindalee had no debt and held cash and shares worth \$5.7M (equivalent to \$0.16 per share).

## MAGNESITE

### Prospect Ridge Project (Jindalee 100%)

The Prospect Ridge Project comprises one Exploration Licence (EL5/2016), covering the Arthur River and Lyons River magnesite deposits, located 55km southwest of Burnie in NW Tasmania<sup>1</sup> (Figure 2). Jindalee holds a 100% beneficial interest in EL5/2016, which was granted in November 2016.

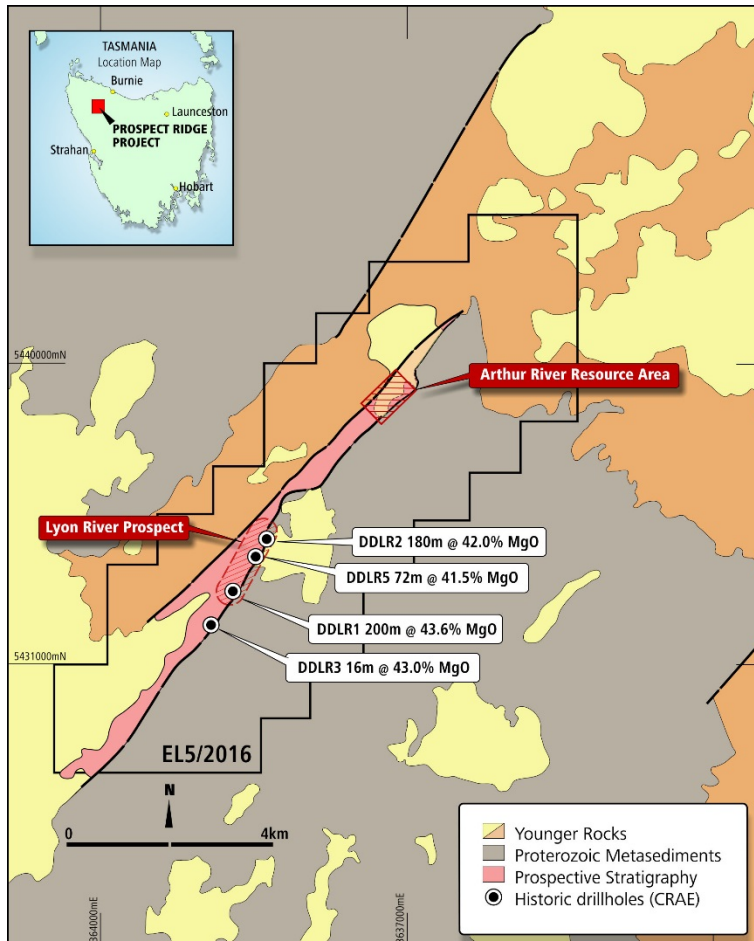


Figure 2 – Prospect Ridge Project.  
Location plan and Simplified Geology.

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](http://www.ga.gov.au)).

Magnesite is the primary source of magnesia (MgO), which is 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. Both magnesite and magnesium are included on the EU’s latest list of 20 critical materials.

In 2009 Beacon Hill Resources Plc acquired the Arthur River deposit for £7.5m and in May 2012 announced a JORC resource estimate<sup>2</sup>. No resources were estimated for the nearby Lyons River deposit.

Based on historical exploration records, Jindalee considers there is very good potential to increase the resource base at Arthur River by drilling the extensions of this deposit. There is also excellent potential to establish JORC compliant resources at Lyons River, where historical drilling by CRAE (a subsidiary of Rio Tinto) in the early 1980’s returned wide, high-grade intercepts, including 200m @ 43.0% MgO from DDLR1, and 180m @ 42.0% MgO from DDLR2, highlighting the scope to create a much larger project than envisaged to date.

During the period Jindalee completed acquisition of a large volume of data for the Project and has commissioned a geological consultant to determine if the current resources can be updated to a JORC 2012 compliant resource estimate. Jindalee has also engaged an expert with extensive experience in magnesite processing to review historic metallurgical testwork and recommend further work to progress the Project.

---

## **GOLD**

### **New Bore Project**           **(Jindalee 100%)**

Jindalee's New Bore Project is located 15km SW of Laverton in the Eastern Goldfields region of WA and comprises one wholly-owned Exploration Licence application (E38/3211) lodged late December 2016. E38/3211 was subject to several competing applications with Jindalee's application winning priority following a ballot conducted on 21 March 2017.

The New Bore project covers the nose of a folded sequence of mafics, ultramafics and BIF's and includes the historic Rats Find gold workings. The project is located 10km NE of Dacian Resources' (ASX: DCN) proposed Mt Morgans 2.5Mtpa gold treatment plant and is considered highly prospective for gold mineralisation. Available historical open file exploration information is currently being compiled for this project.

### **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 Kin Mining NL's (ASX: KIN) extensive Leonora Gold Project holdings. Jindalee's interest in the Cardinia joint venture ground is free-carried to completion of a Bankable Feasibility Study.

On 19 April 2017 Kin announced strong primary gold intercepts from its Lewis South deposit, including 16m @ 37.6g/t Au and 13m @ 14.3g/t Au<sup>3</sup>. These intercepts are located approximately 1km NW along strike of Mining Lease 37/1323, one of the tenements comprising the Cardinia JV. Kin notes that "drilling is planned to target both extensions to the known bedrock mineralisation and test the potential in the south of the Lewis area that has not been subject to drilling beneath the depth of supergene mineralisation."

### **Alchemy Resources**       **(Jindalee 7.6% of issued capital)**

Jindalee is Alchemy Resources' (ASX: ALY) second largest shareholder behind Northern Star Resources (ASX: NST). This investment provides shareholders with exposure to Alchemy's high quality portfolio of projects, including Alchemy's existing Gascoyne region gold and copper-gold projects, the 100% owned Karonie gold project in WA and a joint venture with Heron Resources over a group of gold and base metal prospective properties in central NSW.

Alchemy's Bryah Basin copper project is located to the west of Sandfire Resources' Doolgunna project and covers the extensions of the Narracoota Volcanics, the unit which hosts Sandfire's high grade DeGrussa copper-gold mine. Independence Group (ASX: IGO), a well-regarded and successful nickel, base metal and gold producer and explorer is farming into Alchemy's base metal-prospective Bryah Basin tenements.

Alchemy also has a joint venture agreement in place with Billabong Gold Pty Ltd, owner of the nearby Plutonic Gold Mine, with Billabong responsible for the ongoing exploration of the remaining Gascoyne project tenements, not covered by the pre-existing joint venture with IGO. This joint venture includes a number of existing gold prospects and occurrences, as well as other areas considered prospective for the discovery of further gold deposits.

The Karonie project abuts Salt Lake Mining's 0.5Moz Aldiss project tenements and features several prospects where previous drilling, mostly by Integra Mining, has returned significant bedrock gold intersections, including 8m @ 3.37g/t at Esplanade, 3m @ 14.57g/t at Batavia and 10m @ 2.55g/t at Taupo. Several key tenements at Karonie have recently been granted and drill testing of key targets is scheduled to commence in the June quarter.

The joint venture agreement with Heron Resources includes six Exploration Licences covering a combined 674km<sup>2</sup>. The most advanced project is the Overflow project in the Cobar district, where a diamond hole (OFDD-01) drilled during the period returned encouraging gold-silver intercepts including 18m @ 2.1g/t Au, 111g/t Ag from 245m and 3m @ 7.3g/t Au, 43g/t Ag from 286m.<sup>4</sup> Alchemy plans to drill test a strong EM anomaly down plunge of hole OFDD-01 in the coming period.

On 26 April 2017 Alchemy announced that it had raised \$0.52M (before costs) via a share placement and is undertaking a rights issue to raise up to a further \$1.15M to fund exploration at both the Karonie and Overflow projects. Northern Star has committed to subscribe for \$0.25M in aggregate under the placement and rights issue. Further information on Alchemy Resources activities can be found in their announcements and on their website, [www.alchemyresources.com.au](http://www.alchemyresources.com.au).

## **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 km<sup>2</sup>) located in the Ngalia Basin in the Northern Territory (NT) and in Western Australia (WA), with the majority of 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.

Further information on Energy Metals' activities can be found in Energy Metals ASX announcement and on their website, [www.energymetals.net](http://www.energymetals.net)

## **IRON ORE**

### **Western Creek** (Jindalee 100%)

The Western Creek project comprises a single Exploration Licence (E52/3520) applied for during the period and located approximately 10km WSW of BHP's Mt Whaleback operations in the eastern Pilbara. The tenement covers ground previously held by Atlas Iron (ASX: AGO), and includes the Western Creek CID (detrital channel iron) deposit with an inferred resource of 79Mt @ 56% Fe (50% Fe cut-off).<sup>5</sup>

Jindalee's application is subject to competing applications from three other parties, including Rio Tinto, and the Department of Mines and Petroleum (DMP) has advised that priority is likely to be determined via a ballot.

---

**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 the joint venture Mining Lease 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 reported on the project during the period.

**BASE METALS****Pilbara Project****(Jindalee 100%)**

The Pilbara Project comprises four Exploration Licences (E's 47/3340, 47/3341, 47/3361 & 47/3390), wholly-owned by Jindalee and centred approximately 20km south of Karratha in the western Pilbara region of Western Australia. The tenements lie in close proximity to the Radio Hill nickel deposit and the Mt Scholl series of base metal deposits and are considered to be prospective for copper-lead-zinc-silver, nickel and gold mineralisation.

DMP has advised that E's 47/3341 (Ruth Well) and 47/3390 (Mt Scholl) were granted early April 2017.

**DIAMONDS****Aries Project****(Jindalee 100%)**

Jindalee's Aries Project is an uncontested Exploration Licence application (E80/5027) located in the central Kimberley region of Western Australia, approximately 270km east of Derby and 230km west of the Argyle diamond mine.

The project covers the Aries kimberlite cluster, including the Aries, Athena, Helena and Persephone diamondiferous kimberlite pipes. Although significant exploration was undertaken in the period from 1986 to 2005, Jindalee believes that there is very good potential 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. Jindalee continues to compile historical data ahead of exploration commencing as soon as E80/5027 is granted.

**CORPORATE**

At 31 March 2017, Jindalee held cash and marketable securities worth approximately \$5.7M. These assets, combined with our tight capital structure (34.8M shares on issue), provide a strong base for leverage into new opportunities at a low point in the cycle, with identification and acquisition of projects with the potential to transform the Company continuing to be our ongoing primary focus.

## ADDITIONAL INFORMATION

### Tenement Information

| <b>Project</b>     | <b>Tenement Reference</b> | <b>Interest at beginning of Qtr</b> | <b>Acquired/ Disposed</b> | <b>Interest at end of Qtr</b> |
|--------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------|
| Joyners            | M53/1078-I                | 20%                                 | N/A                       | 20%                           |
| Cardinia           | M37/1304                  | 11%                                 | N/A                       | 11%                           |
|                    | P's 37/7275-76            | 11%                                 | N/A                       | 11%                           |
|                    | M37/646                   | 11%                                 | N/A                       | 11%                           |
|                    | M37/1323°                 | 11%                                 | N/A                       | 11%                           |
|                    | M37/1323°                 | 11%                                 | N/A                       | 11%                           |
| Ruth Well          | ELA47/3340                | 100%                                | N/A                       | 100%                          |
|                    | ELA47/3341                | 100%                                | N/A                       | 100%                          |
| Jane Well          | ELA08/2745*               | 100%                                | N/A                       | 100%                          |
| Radio Hill         | ELA47/3361                | 100%                                | N/A                       | 100%                          |
| Mt Scholl          | ELA47/3390                | 100%                                | N/A                       | 100%                          |
| Chalice            | ELA63/1839                | 0%                                  | N/A                       | 100%                          |
| Prairie Downs      | ELA52/3445                | 100%                                | N/A                       | 100%                          |
| Aries              | ELA80/5027                | 100%                                | N/A                       | 100%                          |
| Mt Fisher          | ELA53/1898                | 100%                                | N/A                       | 100%                          |
| Prospect Ridge     | EL5/2016**                | 100%                                | N/A                       | 100%                          |
| Cowan              | ELA15/1548                | 100%                                | N/A                       | 100%                          |
| Planets            | ELA15/1549                | 100%                                | N/A                       | 100%                          |
| Widgie             | ELA15/1552                | 100%                                | N/A                       | 100%                          |
| Wannaway           | ELA15/1571                | 100%                                | N/A                       | 100%                          |
|                    | ELA15/1598                | 0%                                  | N/A                       | 100%                          |
| Firestrike         | ELA53/1911*               | 100%                                | N/A                       | 100%                          |
| Elizabeth Hill     | ELA's 47/3534-37          | 100%                                | N/A                       | 100%                          |
|                    | PLA's 47/1832-33          | 100%                                | N/A                       | 100%                          |
| Highway            | ELA15/1563                | 100%                                | N/A                       | 100%                          |
|                    | ELA's 15/1577-78          | 0%                                  | N/A                       | 100%                          |
| Railway            | ELA15/1564                | 100%                                | N/A                       | 100%                          |
| Killaloe<br>Taipan | ELA63/1833                | 0%                                  | N/A                       | 100%                          |
|                    | ELA's 63/1835-36          | 0%                                  | N/A                       | 100%                          |
|                    | ELA63/1823                | 0%                                  | N/A                       | 100%                          |
| Jeffreys           | ELA63/1832                | 100%                                | N/A                       | 100%                          |
| Higginsville       | ELA15/1560                | 100%                                | N/A                       | 100%                          |
|                    | ELA15/1580                | 0%                                  | N/A                       | 100%                          |
| Cheetarra*         | ELA08/2872                | 100%                                | N/A                       | 100%                          |
| Kenya              | ELA39/1998                | 100%                                | N/A                       | 100%                          |
| Kenya              | ELA39/2005                | 100%                                | N/A                       | 100%                          |
| North Sinclair     | ELA36/895                 | 100%                                | N/A                       | 100%                          |
| Salt Creek         | ELA25/562                 | 100%                                | N/A                       | 100%                          |
| New Bore           | ELA38/3211                | 100%                                | N/A                       | 100%                          |
| Tokay              | ELA57/1061                | 100%                                | N/A                       | 100%                          |
| Windimurra         | ELA58/513                 | 100%                                | N/A                       | 100%                          |
| Westonia           | ELA77/2444                | 0%                                  | N/A                       | 100%                          |
| Western Creek      | ELA52/3520                | 0%                                  | N/A                       | 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, Awesomous Pty Ltd

° Mining Lease application is a conversion of P's 37/7275-76

Notes:

1. Reference: JRL's announcement to ASX dated 23 May 2016 and titled, *"Jindalee acquires Australia's third largest Magnesite Deposit"*
2. Reference: ASX Announcement by Beacon Hill Resources dated 2 May 2012 titled *"Positive Preliminary Scoping Study Results for Arthur River Magnesite Project"*
3. Reference: ASX Announcement by Kin Mining dated 19 April 2017 titled *"Spectacular Primary Gold Zone Discovered at Lewis – Best Intersection of 5m @ 117g/t Au"*
4. Reference: ASX Announcement by Alchemy Resources dated 29 March 2017 titled *"Strong Gold and Silver Intercepts from First Hole at Overflow Prospect, NSW"*
5. Reference: Atlas Iron Limited (ASX: AGO) *2016 Annual Report to shareholders* lodged with ASX on 20 October 2016

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 Terrence Peachey, who is a consultant to 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 2012 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 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.