



RESOURCES LIMITED

ABN 52 064 121 133

Half Yearly Financial Report

31 December 2006

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITY**

**HALF YEARLY FINANCIAL REPORT
31 DECEMBER 2006**

CORPORATE DIRECTORY

DIRECTORS

Donald Ross Kennedy - Non-Executive Chairman
Lindsay George Dudfield - Managing Director
Mark Richard Scott - Non Executive Director

CONTACT DETAILS

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REGISTERED OFFICE

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COMPANY SECRETARY

Ross Gregory Ledger

POSTAL ADDRESS

PO Box 1033
WEST PERTH WA 6872

STOCK EXCHANGE LISTING

Australian Stock Exchange
ASX Code : **JRL**

SOLICITORS

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

AUDITORS

Horwath Audit (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
NEDLANDS WA 6009
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BANKERS

National Australia Bank
50 St Georges Terrace
PERTH WA 6000

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITY**

THE DIRECTORS' REPORT

Your Directors present their report on 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 2006.

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:

<u>Director</u>	<u>Qualifications & Experience</u>	<u>Special Responsibilities</u>
D.R. Kennedy	B. Sc (Hons) 40 years experience	Chairman
L.G. Dudfield	B. Sc 28 years experience	Managing Director
M.R. Scott	M Sc, M Comm (Hons) 30 years experience	Non-Executive Director

REVIEW OF OPERATIONS

The principle 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.

The Consolidated Entity incurred an operating loss after income tax of \$787,750. This loss was largely due to the expense of employee share options of \$1,686,280, offset by the profit on sale of part of the Company's investment in Uran Limited of \$1,001,721. Jindalee Resources retains an investment in Uran Limited which at 31 December 2006 had a market value of \$1,568,380.

Jindalee Resources has an investment in uranium explorer Energy Metals Limited which at 31 December 2006 had a market value of \$52,600,000. The outlook for the uranium sector is very positive and Jindalee Resources management will continue to work with Energy Metals to ensure the value of our investment in Energy Metals is maximised.

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITY**

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required by section 307C of the Corporations Act 2001 is set out after this Directors' 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:

A handwritten signature in black ink, appearing to read "D.R. Kennedy", with a period at the end. The signature is written in a cursive style.

D.R. KENNEDY
Non Executive Chairman

PERTH

7 March 2007

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITY**

DIRECTORS' DECLARATION

The Directors declare that:

- a) The financial statements and notes set out on pages 6 to 11 are in accordance with the Corporations Act 2001 including:
 - i) Complying with Accounting Standards and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2006 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 Consolidated Entity 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:



D.R. KENNEDY
Non-Executive Chairman

PERTH

7 March 2007

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITY**

CONSOLIDATED BALANCE SHEETS
As at 31 December 2006

	Notes	Consolidated 31/12/2006 \$	Consolidated 30/06/2006 \$
CURRENT ASSETS			
Cash and cash equivalents		8,714,329	8,906,154
Trade and other receivables		200,096	273,807
Available for sale financial assets		1,568,380	560,000
TOTAL CURRENT ASSETS		10,482,805	9,739,961
NON CURRENT ASSETS			
Property, plant & equipment		190,552	164,308
Exploration, evaluation expenditure		3,695,568	2,013,952
TOTAL NON CURRENT ASSETS		3,886,120	2,178,260
TOTAL ASSETS		14,368,925	11,918,221
CURRENT LIABILITIES			
Trade and other payables		75,782	29,914
TOTAL CURRENT LIABILITIES		75,782	29,914
TOTAL LIABILITIES		75,782	29,914
NET ASSETS		14,293,144	11,888,307
EQUITY			
Contributed equity	3	7,278,900	7,783,592
Retained profits (accumulated losses)		(1,608,670)	(1,404,991)
Minority interest		4,839,612	4,479,831
Reserves	4	3,783,302	1,029,875
TOTAL EQUITY		14,293,144	11,888,307

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITY**

CONSOLIDATED INCOME STATEMENTS
For the half-year ended 31 December 2006

		Half-year	
	Note	31/12/2006 \$	31/12/2005 \$
Revenue from continuing operations	9	1,481,402	146,856
Depreciation expenses		(22,085)	(5,583)
Corporate regulatory expenses		(77,566)	(72,617)
Employee benefits expenses	8/9	(1,859,556)	(743,204)
Exploration expenditure written off		-	(11,718)
Administration expenses		(309,945)	(365,646)
Profit /(loss) before income tax		(787,750)	(1,051,912)
Income tax expense		-	-
Profit /(loss) for the half-year	9	(787,750)	(1,051,912)
Profit/(Loss) attributable to minority interest		(584,071)	(578,551)
Profit/(Loss) attributable to members of the parent entity		(203,679)	(473,361)
Basic earnings per share (cents)		(0.0068)	(0.016)
Diluted earnings per share (cents)		(0.0058)	(0.014)

The above consolidated income statements should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED
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CONSOLIDATED CASH FLOW STATEMENTS
For the half-year ended 31 December 2006

	31/12/2006 \$	Half-year 31/12/2005 \$
Cash flows from operating activities		
Receipts in the course of operations	280,944	-
Payments in the course of operations	(547,047)	(296,795)
Interest received	269,935	115,153
Net cash inflow/(outflow) from operating activities	3,832	(181,642)
Cash flows from investing activities		
Payments for property, plant & equipment	(43,690)	(44,993)
Payments for exploration, evaluation & development expenditure	(1,681,616)	(545,583)
Payment for options in listed company	-	(50,000)
Net cash inflow/(outflow) from investing activities	(1,725,306)	(640,576)
Cash flows from financing activities		
Proceeds from sale of equity investments	1,090,489	-
Proceeds from prospectus share issue	-	2,975,936
Proceeds from conversion of options	439,160	787,820
Net cash inflow from financing activities	1,529,649	3,763,756
Net increase/(decrease) in cash and cash equivalents held	(191,825)	2,941,538
Cash and cash equivalents at the beginning of reporting period	8,906,154	2,111,021
Cash and cash equivalents at the end of reporting period	8,714,329	5,052,559

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the half-year ended 31 December 2006

	Note	Half-year 31/12/2006 \$	Half-year 31/12/2005 \$
Total equity at the beginning of the half-year		11,888,307	4,708,272
Net income recognised directly in equity		-	-
Profit/(Loss) for the period		(787,750)	(1,051,912)
Total recognised income and expense for the year		<u>(787,750)</u>	<u>(1,051,912)</u>
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity net of transaction costs	3	35,000	3,041,786
Share options	4	1,656,280	669,875
Revaluation of investments	4	1,097,146	-
Adjustment on adoption of AASB 132 & AASB 139, net of tax to reserves		-	70,000
Total transactions with equity holders in their capacity as equity holders		<u>2,788,426</u>	<u>3,781,661</u>
Contributions of equity by Minority Interest in subsidiary		404,161	-
Total equity at the end of the half year		<u>14,293,143</u>	<u>7,438,021</u>
Total recognised income and expense for the half year is attributable to:			
Members of Jindalee Resources Ltd		(203,679)	(473,361)
Minority Interests		(584,071)	(578,551)
		<u>(787,750)</u>	<u>(1,051,912)</u>

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

**JINDALEE RESOURCES LIMITED
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NOTE 1: BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

The historical cost basis has been used, except available-for-sale financial assets which have been measured at fair value.

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Jindalee Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2: SEGMENT INFORMATION

Industry Segment

During the half year the Company operated in one industry, the mining exploration and prospecting industry. The Consolidated Entity incurred an operating loss after income tax of \$787,750.

Geographical Segment

During the half year the Company operated within Australia only.

NOTE 3: EQUITY SECURITIES ISSUED

	31/12/2006	30/06/2006	31/12/2006	30/06/2006
	Number	Number	\$	\$
Contributed equity				
Balance at the beginning of the period	30,119,780	29,769,780	5,291,003	5,176,003
Shares issued during the period:				
Shares issued on conversion of unlisted options	100,000	350,000	35,000	115,000
Balance at the end of the period	<u>30,219,780</u>	<u>30,119,780</u>	<u>5,326,003</u>	<u>5,291,003</u>

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	31/12/2006	30/06/2006
	\$	\$
Other contributed equity		
Balance at the beginning of the period	2,492,589	-
Gain/(loss) on dilution of investment in subsidiary	(539,692)	2,492,589
Balance at the end of the period	<u>1,952,897</u>	<u>2,492,589</u>
Total contributed equity	<u>7,278,899</u>	<u>7,783,592</u>

NOTE 4: RESERVES

	31/12/2006	30/06/2006
	\$	\$
Available-for-sale financial assets reserve		
Balance at the beginning of the period	360,000	-
Revaluation of available-for-sale financial asset	1,097,147	360,000
Balance at the end of the period	<u>1,457,147</u>	<u>360,000</u>
Share-based payment reserve		
Balance at the beginning of the period	669,875	-
Option expense	1,656,280	669,875
Balance at the end of the period	<u>2,326,155</u>	<u>669,875</u>
Total reserves	<u>3,783,302</u>	<u>1,029,875</u>

NOTE 5: DIVIDENDS

No dividends have been paid or declared and no dividends have been recommended by the Directors.

NOTE 6: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date 30 June 2006.

NOTE 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.

NOTE 8: SHARE-BASED PAYMENT

Under AASB 2 Share-Based Payment, the Consolidated Entity must recognise the fair value of options granted to directors, employees and consultants as remuneration on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

The expense in the half year was \$1,656,280.

**JINDALEE RESOURCES LIMITED
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NOTE 9: INDIVIDUALLY SIGNIFICANT ITEMS

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

	31/12/2006	31/12/2005
	\$	\$
Gains		
Profit on sale of Available for Sale financial assets	1,001,721	-
Expenses		
Employee option expense	(1,686,280)	(669,875)

NOTE 10: PRIOR PERIOD ADJUSTMENT

Correction of classification in recognising gain on dilution of investment in subsidiary at 30 June 2006

For the period ended 30 June 2006, a gain of \$2,492,589 on the dilution of the investment in subsidiary, Energy Metals Limited, was recognised in the Income Statement in accordance with the interpretation of AASB 127. However, further technical advice has confirmed that in accordance with AASB 127 paragraph B.5 the gain should be recognised directly in 'Other Contributed Equity' and not in the Income Statement. There is a nil effect on net assets at 31 December 2006 and 30 June 2006.



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7 March 2007

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

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my half-year review of the financial report of Jindalee Resources Limited for the half-year ended 31 December 2006 and in accordance with the provisions of the *Corporations Act 2001*.

As lead auditor 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 this review;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this review.

Yours sincerely
HORWATH AUDIT (WA) PTY LTD

A handwritten signature in black ink that reads "Horwath" on the top line and "Peter Toll" on the bottom line.

PETER TOLL
Director

Independent auditors' review report to members of Jindalee Resources Limited

We have reviewed the accompanying half-year financial report of Jindalee Resources Limited which comprises the consolidated balance sheets at 31 December 2006, and the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Consolidated Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the consolidated half-year financial report in accordance with Accounting Standards in Australia and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements (ASRE) 2410 *Review of an Interim Financial Report Performed by the Auditor of an Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the consolidated financial report is not fairly presented, in all material respects, in accordance with the *Corporations Act 2001*, 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*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the half-year financial report of Jindalee Resources Ltd does not fairly present, in all material respects, the financial position of the Group at 31 December 2006, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 Interim Financial Reporting.

Dated the 7th day of March 2007.

HORWATH AUDIT (WA) PTY LTD

A handwritten signature in black ink, consisting of the word "Horwath" in a cursive script above the name "Peter Toll" in a similar cursive script.

PETER TOLL
Director