

Jindalee Resources Ltd
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Western Australia
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26 October 2004

Company Announcements Office
Australian Stock Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Electronic Lodgement

Dear Sir/Madam,

We confirm the Jindalee Resources Limited 2004 Annual Report together with Notice of Annual General Meeting and Proxy Form (as attached) will be dispatched to shareholders today.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lindsay Dudgeon'.

LINDSAY DUDFIELD
Managing Director.

JINDALEE RESOURCES LIMITED

A.B.N. 52 064 121 133



ANNUAL REPORT 2004

-
- Experienced, successful management ¹
 - Large land positions in “hot” areas in W.A. ²
 - Active JV’s with major companies ³
 - Low burn rate ⁴
 - Tight capital structure = great leverage ⁵

“Junior explorers represent a high risk, volatile end of the equity market. Spectacular leverage can be achieved through exploration discoveries, but statistics on success rates (and cost) can be daunting. When participating in this end of the equity market we need to try and improve the odds. One way this can be achieved is by holding a diverse portfolio of “honest explorers” that are purchased during low periods of the price cycle—and then be patient!”

Fat Prophets Mining
(Mining Investment Advisors)

¹ Jindalee’s Board combines more than 65 years of geological experience with strong commercial skills

² Jindalee controls > 3,250 km² of tenements in W.A.

³ Partners include Teck Cominco (3rd largest shareholder), Newcrest and Equigold

⁴ Liquid assets (cash & shares) at 30 June 2004 were \$2.1M (vs \$2.65M raised in July 2002 IPO)

⁵ Only 20.8M shares on issue (Directors hold approx. 10%)

CORPORATE DETAILS

DIRECTORS

Donald Ross Kennedy
(Chairman)

Lindsay George Dudfield
(Managing Director)

Mark Richard Scott
(Non-Executive Director)

COMPANY SECRETARY

Ross Gregory Ledger

REGISTERED OFFICE

Level 1

3 Ord Street

WEST PERTH WA 6005

Telephone: 61 8 9321 7550

Facsimile: 61 8 9321 7950

Email: enquiry@jindalee.net

Web: www.jindalee.net

AUDITOR

Horwath Perth

128 Hay Street

SUBIACO WA 6008

SHARE REGISTRY

Advanced Share Registry Pty Ltd

Level 7, 200 Adelaide Terrace

PERTH WA 6000

Telephone: 61 8 9221 7288

Facsimile: 61 8 9221 7869

BANKERS

National Australia Bank Limited

50 St Georges Terrace

PERTH WA 6000

STOCK EXCHANGE LISTING

The Company's shares are listed by the Australian Stock Exchange Limited - Code **JRL**.

The home exchange is Perth.

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CHAIRMAN'S REPORT

Dear Fellow Shareholder

The 2004 Annual Report outlines a most successful year for Jindalee in which additional quality tenure was acquired in the Forrestania, Murchison and Eastern Goldfields regions of WA.

A most satisfactory arrangement for the expanded Forrestania Project area (Mt Gibb J.V) was negotiated with proposed new listing, Great Western Exploration Ltd ("GWE") whereby GWE acquired 80% equity in the project for a mix of cash and shares. GWE listed strongly in February 2004 and exploration by the Joint Venture for gold and nickel has been ongoing since then.

A number of available advanced gold projects with established resources and/or reserves were assessed for purchase during the period, but none met the stringent financial and technical requirements set by the board.

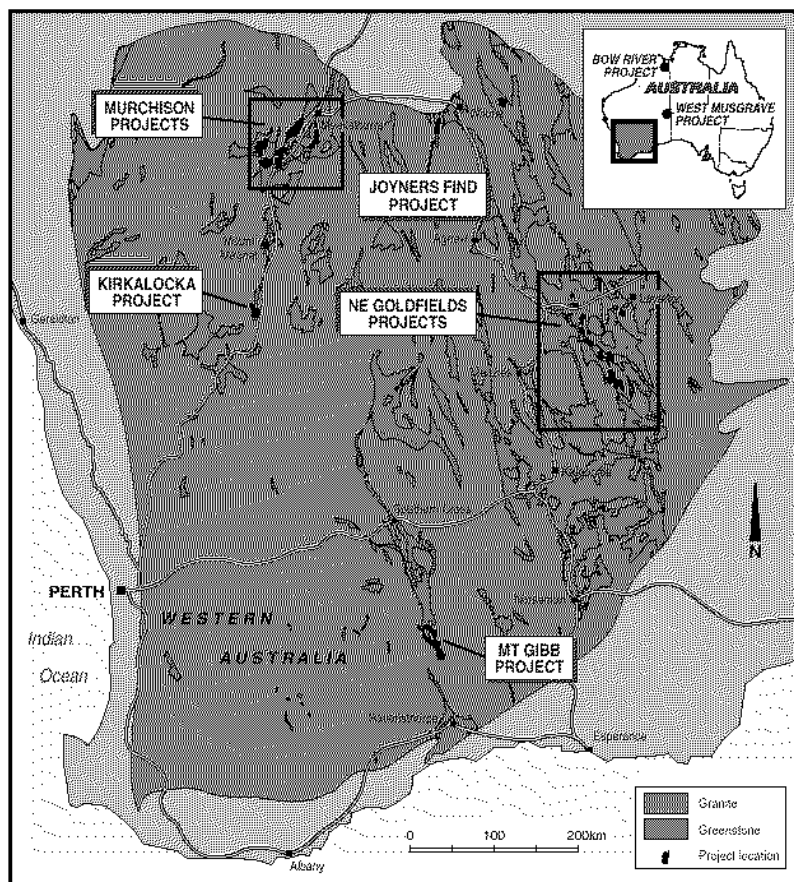
Jindalee is in a sound financial position and has no debt.

In the 2004/05 financial year it is planned to bring major partners into several existing and imminent projects and continued effort will be made to either discover or to purchase a significant resource project for your company.



D. Ross Kennedy
Chairman
6 October 2004

REVIEW OF ACTIVITIES



WESTERN AUSTRALIA: PROJECT LOCATIONS

At Jindalee our primary objective is to create wealth for our shareholders through the discovery of world-class precious and base metal deposits in Australia.

Our strategy to grow Jindalee is simple – we identify and acquire prospective ground, add value through initial exploration activity (frequently involving first pass scout drilling) and, where appropriate, introduce partners to fund the higher risk and/or expensive stages of exploration. This way our cash burn rate remains low, delaying the need to raise new equity and maintaining Jindalee's relatively tight capital structure. This ensures our shareholders gain maximum leverage from any exploration success.

In the 2004 fiscal year Jindalee continued to apply for acreage on highly prospective trends where previous work has been minimal or ineffective due to transported cover, consistent with our belief that these areas represent the "last frontier" for the discovery of large mineral deposits in Australia.

Our main focus remains the highly mineral endowed Yilgarn Craton of Western Australia, and the Murchison and North Eastern Goldfields regions in particular. The Company also holds strategic interests in the Forrestania greenstone belt and the West Musgraves province in Central Australia, and recently applied for ground covering the Bow River nickel prospect, located in the East Kimberley. We are also considering a number of opportunities outside of Western Australia.

The strength of our portfolio continues to attract major companies willing to share exploration risk to earn an interest in our tenements. Projects farmed out during the period included **Yilgarn** (joint ventured to Newcrest), **Lake Carey** (Teck Cominco) and **Kirkalocka** (Equigold). We also sold 80% of the **Mt Gibb** project to Great Western Exploration for a mixture of cash and shares and joint ventured **Joyner's Find** to Golden West Resources, conditional on that company listing on ASX late 2004.

Jindalee is in good shape. We hold a large and prospective tenement portfolio, we have partners actively exploring several of our projects and strong interest in projects yet to be joint ventured. At 30 June 2004 the Company held liquid assets (cash and shares) worth approximately \$2.1M (vs \$2.65M raised prior to listing on ASX in July 2002) and our overheads are low with no need to raise additional capital in the foreseeable future.

Furthermore Jindalee has one of the tightest capital structures of any listed explorer (only 20.8M shares on issue) and offers shareholders great leverage on success. The coming year promises to be another active and exciting period for the Company.

REVIEW OF ACTIVITIES

GOLD

EASTERN GOLDFIELDS REGION

Jindalee holds a large land position in the North Eastern Goldfields, a region with substantial mineral endowment including significant gold deposits at Sunrise (8M oz), Wallaby (8M oz), Granny Smith (2M oz) and Thunderbox (2M oz). These deposits were all discovered beneath recent transported sediments.

Most of the significant gold mineralisation in the area is associated with major crustal scale structural corridors. The Laverton Tectonic Zone (LTZ) has received most recent exploration attention but Jindalee believes the adjacent Keith Kilkenny Tectonic Zone (KKTZ) is equally prospective. The KKTZ in particular is masked by widespread transported cover and bedrock outcrops are rare, but where exposed commonly exhibit encouraging features including small gold workings, sheared contacts and pervasive carbonate alteration. Previous exploration has been minimal.

Major companies have recognized the potential of Jindalee's landholding to host large gold deposits. Australia's largest goldminer, Newcrest Mining, is currently earning an interest in the Irontank Well and Yilgangi projects and Canadian miner Teck Cominco is exploring at Lake Carey. In these current joint ventures Jindalee has a number of options available, including electing to contribute pro-rata or diluting to either project carried or free carried positions.

Details of these joint ventures and recent exploration activities follow:

Irontank Well (Newcrest/Golden State earning 70%)

Newcrest and Golden State Resources can together earn a 70% interest in the Irontank Well project by spending \$1M within 4 years. During the period Newcrest undertook a detailed gravity survey and drilled four RC holes at the Crawford prospect. These holes were designed to test interpreted magnetite destructive alteration zones and gravity anomalies associated with the margins of the KKTZ.

The drilling intersected variably altered sandstones and conglomerates with occasional siltstones. Weakly anomalous gold values were encountered in three of the holes. The best intercept was recorded from hole ITR-01 (28m @ 0.5 g/t Au) and was associated with partly oxidised and moderately hematite altered quartz sandstones. Newcrest advises that further drilling is planned.

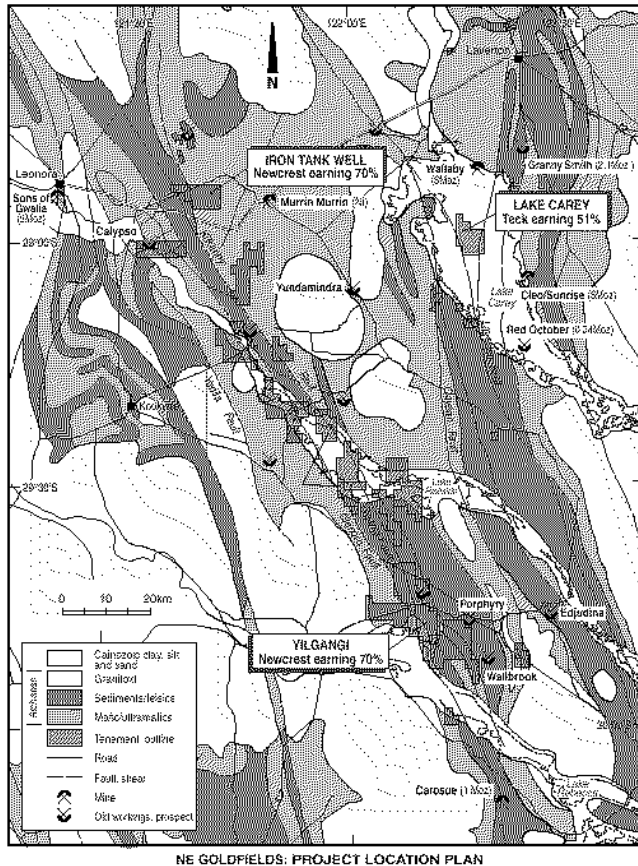
Yilgangi (Newcrest earning 70%)

The Yilgangi project is located 120 km northeast of Kalgoorlie and 130 km southeast of Leonora. The project straddles the KKTZ and broad gold anomalous intercepts (eg. 9m @ 2.46 g/t; 25m @ 1.06 g/t Au) recorded by previous explorers reinforce the potential for the discovery of large concealed gold deposits on the property.

In March 2004 Jindalee signed a joint venture with Newcrest whereby Newcrest can earn a 70% interest by spending \$750,000 on exploration within four years, with a minimum of \$100,000 to be spent in the first year. Once Newcrest has earned its interest Jindalee has several options, including contributing pro-rata or diluting to either project carried or free carried positions.

Newcrest has undertaken a compilation of historical data and detailed geophysical interpretation of the project and proposes to commence RAB and aircore drill testing of targets developed from this work prior to December 2004.

REVIEW OF ACTIVITIES



Lake Carey (Teck Cominco option to earn 51%)

This tenement is located 15 km northwest of the Sunrise Dam mine and a similar distance south of the Wallaby deposit. A major structure (Claypan Fault) is interpreted to trend through Wallaby and transect the tenement before heading south towards the Butcher Well gold deposits. The project is entirely covered by a veneer of transported material associated with Lake Carey and the western side of the tenement remains completely untested.

Examination of aeromagnetic data by consultant geophysicists has reinforced the prospectivity of this tenement. Several zones of felsic intrusive activity and/or magnetite destructive alteration are interpreted adjacent to the Safari Fault, a major structure likely to have influenced significant alteration or mineralizing events in the area. These targets are overlain by 15 to 20 metres of cover and a specialist lake rig will be required to obtain bedrock samples.

Teck Cominco will explore Lake Carey under an existing Strategic Alliance whereby Teck Cominco has the option to enter a Joint Venture to earn 51% by spending \$1M within four years. Teck Cominco plans to trial an innovative lake sampling technique at Lake Carey and follow up anomalies outlined by this program with bedrock drilling.

Joyners Find (Golden West Resources earning 60%)

The Joyners Find project is situated 30 km west of Wiluna and covers the eastern part of the Joyners Find greenstone belt. In April 2004 Jindalee agreed to form a Joint Venture with Golden West Resources Limited. Golden West holds a substantial land position abutting Jindalee's tenements and in September 2004 lodged a prospectus aiming to raise \$2.8M prior to listing on ASX.

Golden West can earn a 60% interest in the project by paying Jindalee \$50,000 and spending \$400,000 on exploration within four years, with a minimum of \$50,000 to be spent in the first year. Once Golden West has earned its interest Jindalee can elect to contribute pro-rata or dilute to a 20% free carried interest.

McDougal (Jindalee 100%)

McDougal is located on the western edge of Lake Carey and is prospective for both gold and lateritic nickel mineralisation. Interpretation of regional aeromagnetic data suggests that the tenement straddles a northeast trending "dilatational jog" linking the Claypan Fault and a parallel splay off this regional structure in an area of highly complex faulting and folding.

A short RAB drilling program designed to provide bedrock information on aeromagnetic targets was completed in February 2004. Three targets were tested with a single traverse of angled holes – no anomalous gold values were noted.

Royalty Interests (Jindalee 100%)

Jindalee holds several latent royalty interests over tenements located in the Eastern Goldfields. The West Kundana Royalty covers tenements located immediately adjacent to Placer's Kundana mine whilst the Kookynie Royalty covers an area of over 200 km² and includes most of the historical mines in the Kookynie district (recorded production of almost 0.5M oz).

REVIEW OF ACTIVITIES

MURCHISON REGION

The Murchison region has good infrastructure and proven gold endowment, including several 1M oz deposits. Jindalee believes the area is under explored with good potential for discovering significant mineralisation and the Company now holds over 600 km² of prospective greenstone, mostly located between the Big Bell deposit (3M oz) and the Paddys Flat mines (2M oz).

Big Bell North (Teck Cominco option to earn 51%)

The Big Bell North project is located 20 km northeast along strike from Big Bell gold deposit. Joint Venture partner Teck Cominco has the option to earn a 51% interest in the project by spending \$1M by October 2007.

Teck Cominco undertook a broad spaced aircore drilling program (holes 200m apart on 600m spaced traverses) in November 2003 to test the strike extent of the stratigraphy hosting the Big Bell deposit. Some 53 holes (total 4,033m) were drilled with the best intercept (5m @ 0.58 g/t Au) recorded from hole BNA-26, located beneath thick transported cover at the end of traverse 6987400N.

A second aircore drilling program (26 holes for 1,739m) designed to follow up BNA-26 and test another area of elevated gold geochemistry was completed in September 2004. Assay results returned from this program were not considered anomalous. A deep RC drilling program designed to provide stratigraphic information on the western side of the tenement was abandoned when the rig was unable to penetrate the recent cover rocks.

Widgie (Jindalee 100%)

The Widgie project comprises three ELA's (total area 170 km²) centred 50 km northwest of Cue and straddling the axis of a regional northeast plunging antiform. The area has good infrastructure and proven gold endowment. Numerous small gold workings and dry blowing patches are present in the central part of the project. However despite these encouraging indications of gold mineralisation previous exploration has been minimal.

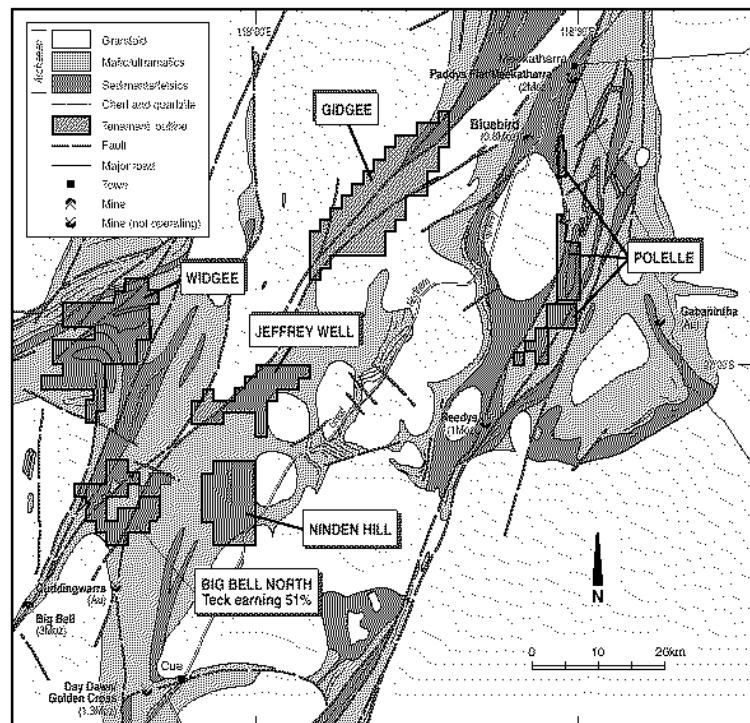
Jindalee has requested the grant of key tenements be fast tracked to enable exploration to commence as soon as possible.

Kirkalocka (Equigold earning 60%)

The Kirkalocka project is located in the Southern Murchison, approximately 80 km south of Mt Magnet and abutting Equigold NL's Kirkalocka gold mine (0.4M oz resource). In March 2004 Jindalee granted Equigold an option to earn a 60% interest in the project by spending \$250,000 within four years.

Subsequent exploration by Equigold has been dominated by geochemical sampling designed to test three aeromagnetic targets (designated Targets 2, 24 & 25). Weakly anomalous gold values (maximum 79 ppb from soil sampling; 90 ppb from rock chip sampling) were returned from Target 24. Targets 2 & 25 are partly or wholly masked by transported sandy cover and soil sampling is unlikely to have been effective.

RAB drilling programs to test Targets 2 and 25 and to follow up Target 24 are scheduled for the December quarter.



REVIEW OF ACTIVITIES

NICKEL

Mt Gibb (Jindalee 20% free carried)

The Mt Gibb project is located at the southern end of the Forrestania greenstone belt, approximately 190 km southeast of Southern Cross. In March 2004 Jindalee sold an 80% interest in the project to Great Western Exploration Limited for \$650,000 (cash and shares) with Jindalee's 20% interest free carried to completion of a bankable feasibility study.

The Forrestania greenstone belt is prospective for both sulphide nickel and gold mineralisation. The Mt Gibb project covers the southern extensions of this greenstone belt along strike from Western Areas NL's Flying Fox and Digger Rocks nickel deposits and includes numerous small gold workings forming the Hatter Hill Mining Centre. Despite the demonstrated prospectivity of the area previous exploration for both nickel and gold on the Mt Gibb tenements has been minimal.

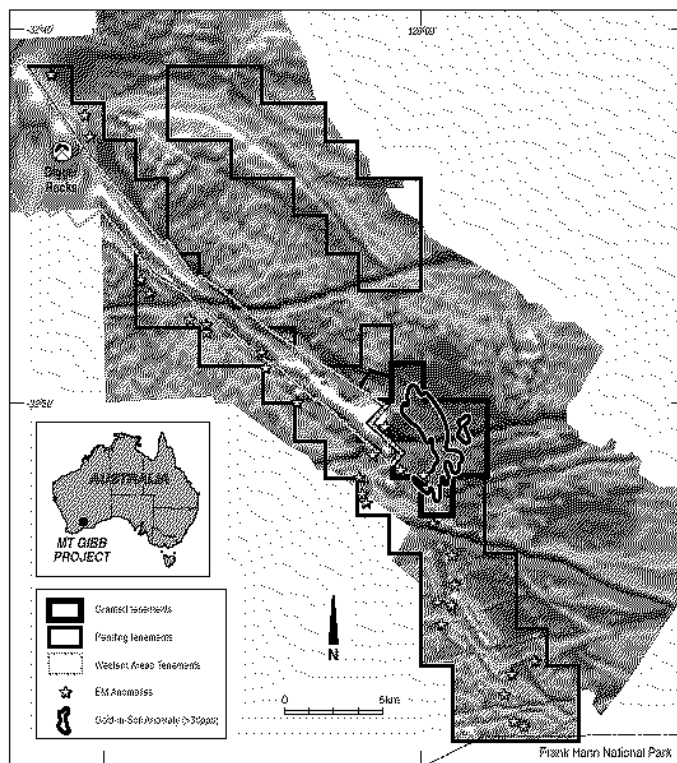
Recent work by Western Areas designed to outline nickel sulphide mineralisation adjacent to known nickel deposits has had considerable success and as a result Western Areas expects to commence mining at Forrestania late in 2004. Western Areas exploration results include spectacular intercepts down dip from the Flying Fox deposit (eg. 21.4m @ 7.8% Ni; 17.2m @ 6.7% Ni), demonstrating how the latest geophysical techniques can be successfully employed to locate blind nickel sulphide deposits at Forrestania.

In the latter part of 2003 Jindalee completed a short RAB drilling program in the south west part of granted tenement E74/181. This program intersected ultramafics with elevated nickel and copper values (best intercept 5m @ 2,300 ppm Ni, 642 ppm Cu). The Company also undertook an aeromagnetic survey which confirmed the Forrestania greenstone belt extends at least 12 km further south than previously recognised.

Since listing on ASX in March 2004 Great Western has continued to advance exploration at Mt Gibb. Gold targets tested by Great Western include a >200 ppb gold-in-soil anomaly (dimensions 800m x 250m) investigated with two traverses of angled RAB holes, and angled RC drilling to test the down dip extensions of prior drill intercepts. The best intercept from the RAB drilling program was 2m @ 3.32 g/t from hole GPR-07. The RC drilling also recorded several anomalous gold intercepts (best 3m @ 3.38 g/t from GKC-01; 3m @ 2.08 g/t from GTC-03).

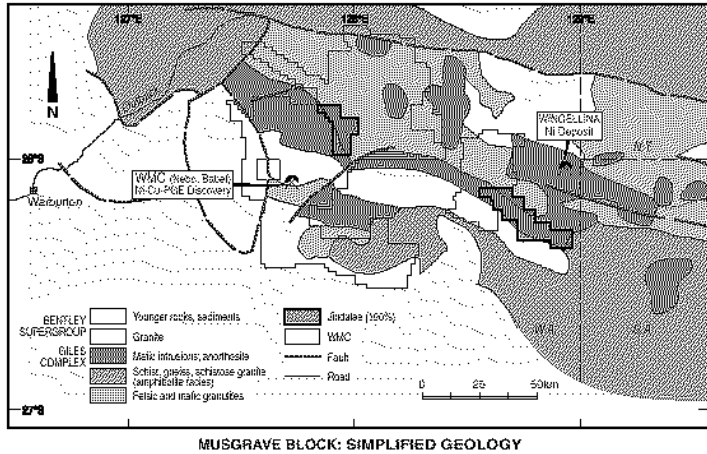
The best nickel potential at Mt Gibb is located on tenements which have yet to be granted and exploration has been restricted to low impact activities. A helicopter borne electromagnetic (EM) survey covering over 40 strike km of prospective stratigraphy was flown in April 2004. This survey outlined 30 late time anomalies, some coincident with aeromagnetic highs, which could possibly represent concealed nickel sulphide mineralisation.

Follow up of these EM anomalies has included prospecting, soil sampling and botanical surveys. The key tenements at Mt Gibb should be granted late November 2004 with track clearing to allow access for ground EM surveys and drilling to commence immediately thereafter.



MT GIBB PROJECT: TENEMENTS & EM ANOMALIES OVER AEROMAGNETICS

REVIEW OF ACTIVITIES



West Musgraves (Jindalee 100%)

The West Musgraves project comprises three Exploration Licences (total area 640 km²) located in the western part of the Musgrave Province of Central Australia. The tenements cover mafic-ultramafic rocks of the mid Proterozoic Giles Complex and the potential for the discovery of giant nickel-copper-PGE deposits similar to Noril'sk and Voiseys Bay is considered high.

The Musgrave Province is covered by Aboriginal Reserves and previous exploration on Jindalee's tenements has been minimal. Subsequent to the

grant of the tenements in May 2004 Jindalee commenced discussions with the Ngaanyatjarra Land Council, the body representing the traditional owners. The Company is hopeful that a Regional Agreement currently being negotiated will remove many of the obstacles encountered by previous explorers.

Bow River (Jindalee 100%)

This project, which was applied for in September 2004, is located in the East Kimberley region, 80 km south of Kununurra and 60 km north along strike from the recently opened Sally Malay nickel mine (reserves of 3.7mt @ 1.56% Ni, 0.64% Cu).

Previous drilling at Bow River intersected massive sulphides including an intercept of 3.12m @ 1.45% Ni and 0.47% Cu. The mineralisation is hosted by a differentiated mafic-ultramafic intrusion, similar to the host rock at Sally Malay.

Jindalee will review all previous exploration at Bow River prior to commencing appropriate exploration.

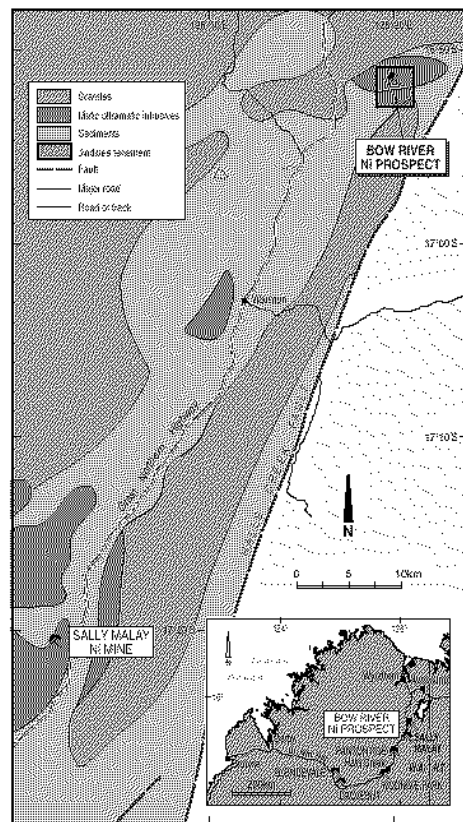
Mt Remarkable (Cougar Metals option to purchase lateritic nickel)

The Mt Remarkable project covers ultramafic rocks centred 35 km south of the Murrin Murrin nickel mine. Cougar Metals Limited has an option to explore for, and purchase, lateritic nickel mineralisation at Mt Remarkable with Jindalee retaining the rights to all other mineralisation, including sulphide nickel, gold and platinum group metals.

Cougar reports that 32 aircore holes were drilled at Mt Remarkable in June 2004. Anomalous nickel and cobalt values were recorded from the bottom of hole 30 (32-39m 7m @ 1.39% Ni, 0.16% Co). This intercept is open at depth and to the north and requires follow up.

Note:

This report has been compiled by Mr L.G. Dudfield (Managing Director) who is a Member of the Australasian Institute of Mining and Metallurgy with over 20 years experience and who is a competent person as defined. The report accurately reflects the information compiled by the competent person.



DIRECTORS' REPORT

The Directors present their report of Jindalee Resources Limited for the year ended 30 June 2004.

DIRECTORS

The following persons were directors of Jindalee Resources Limited during the whole of the financial year and up to the date of this report:

Lindsay George Dudfield
Mark Richard Scott
Donald Ross Kennedy

PRINCIPAL ACTIVITIES

The principal activity during the year of Jindalee Resources Limited was mineral exploration. During the year there was no change in the nature of this activity.

FINANCIAL RESULTS

The profit of the Company after providing for income tax for the year ended 30 June 2004 was \$143,904. (2003: loss \$270,989)

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, and no dividends have been recommended by the Directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Company during the year.

REVIEW OF OPERATIONS

The details of the Company's exploration activities during the year are included within the Review of Activities section of the Annual Report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial years not already disclosed in this report.

D I R E C T O R S ' R E P O R T

INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr Donald Ross Kennedy BSc (Hons)	Mr Kennedy is a qualified geologist with 40 years experience in gold and base metals exploration, both in Australia and overseas. As Managing Director, then Exploration Director, of Resolute Limited he was the leader of one of the most successful exploration teams in Australia leading to the development of gold mines at Marymia, Chalice, Higginsville and Challenger in Australia and Nkran and Golden Pride in Africa. Fellow of the AusIMM and member of the AIG, GSA, MICA and AICD.	Chairman Non-executive Director
Mr Lindsay George Dudfield BSc	Mr Dudfield is a qualified geologist with 24 years experience exploring for gold and base metals in Australia and overseas, including close involvement with a number of greenfields discoveries. Member of the AusIMM, SEG, AIG and GSA. Director for 7 years.	Managing Director
Mr Mark Richard Scott MSc, MCom (Hons)	Mr Scott has an investment banking and corporate finance background. Director for 2 years.	Non-executive Director

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The particulars of Directors' interest in shares and options are as at the date of this report.

	Ordinary Shares	25¢ Options Expiring 30/06/05	35¢ Options Expiring 30/06/07
D R Kennedy	32,000	16,000	500,000
L G Dudfield	2,934,874	565,000	1,000,000
M R Scott	2,721,053	1,360,553	500,000

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2004 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
D R Kennedy	4	4
L G Dudfield	4	4
M R Scott	4	4

As at the date of this report, the Company did not have an Audit Committee of the Board of Directors. The Directors have not formed an Audit Committee as they consider one inappropriate for the current size and state of development of the Company.

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is that Directors are to be paid consulting fees at commercial rates for professional services performed. No board member is entitled to receive directors' fees at present.

Details of the nature and amount of each element of the emoluments of each director of Jindalee Resources Limited are set out in the following tables.

Non-Executive Directors of Jindalee Resources Limited

Name	Salary	Consulting Fees	Options	Total
	\$	\$	\$	\$
D R Kennedy	-	29,900	-	29,900
M R Scott	-	-	-	-

Executive Directors of Jindalee Resources Limited

Name	Salary	Office Rent & Vehicle Hire	Consulting Fees	Options	Total
	\$	\$	\$	\$	\$
L G Dudfield	-	21,195	91,303	-	112,498

DIRECTORS AND OFFICERS INSURANCE

Jindalee Resources Limited has directors and officers insurance current for the period 10/01/2004 to 10/01/2005.

DIRECTORS' REPORT

SHARE OPTIONS

The details of the options on issue by the Company are as follows:

	Number	Exercise Price	Expiry Date
Quoted	8,073,783	25 cents	30 June 2005
Unquoted	2,375,000	35 cents	30 June 2007

ENVIRONMENTAL REGULATION

The Company is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the State Mining Engineer, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Industry and Resources.

Jindalee Resources Limited conducts its exploration activities in an environmentally sensitive manner and the Company is not aware of any breach of statutory conditions or obligations.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.

21st day of September 2004 at Perth, Western Australia



L G DUDFIELD
Managing Director.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

It is the responsibility of the Board of Directors of Jindalee Resources Limited to monitor the business affairs of the Company and to protect the rights and interests of the shareholders. The corporate governance practices in place throughout the reporting period ended 30 June 2004 have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

The format of the Corporate Governance Statement has changed in comparison to the previous year due to the introduction of the ASX Corporate Governance Council's best practice recommendations. In accordance with the Council's recommendations, the Corporate Governance Statement must now contain specific information, and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured with reference to the Corporate Governance Council's best practice recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of stakeholders

The Company's corporate governance practices were in place throughout the year ended 30 June 2004. With the exception of the departures from the Corporate Governance Council recommendations in relation to, the independence of the board, the nomination committee and audit committee as detailed below, the corporate governance practices of the Company were compliant with the council's best practice recommendations.

THE BOARD

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the Board, all issues are considered by the full Board. The Board has established a framework for the management of the Company including an overall framework of internal control, director nomination, risk management and ethical standards.

The Directors of the Company in office at the date of this statement are:

Name	Age	Position	Special Expertise
Donald Ross Kennedy	65	Non-Executive Chairman	Resource Industry
Mark Richard Scott	57	Non-Executive Director	Finance/Stockbroking Industry
Lindsay George Dudfield	47	Managing Director	Resource Industry

The Company's Managing Director has the responsibility for guiding management in effectively carrying out tasks and achieving Company objectives.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

The Board comprises of a non-executive Chairman, one other non-executive director and one executive director. The Board believes this structure is effective for the current range of duties of the Board to be properly discharged.

The Directors may, in fulfilling their duties, obtain independent professional advice at the Company's expense, however prior notification by the Director to the Board is required.

At every Annual General Meeting one third of the Directors (excluding the Managing Director) must retire and sit for re-election.

INDEPENDENCE

Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

In accordance with this definition, all three Directors making up the Board as at year end are not considered to be independent when applying the Council's definition of independence, either by virtue of their substantial shareholdings in the Company or because they are on the Board of a company in which Jindalee Resources Limited is a substantial shareholder. The Company considers industry experience and specific expertise to be important attributes of its Board members. The Board is conscious of the need for independence and ensures that directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions and asks that those Directors do not discuss those transactions or potential transactions with other Directors.

NOMINATION COMMITTEE

Recommendation 2.4 requires listed entities establish a nomination committee. During the year ended 30 June 2004, Jindalee Resources Limited did not have a separately established nomination committee. However, responsibilities of the full Board include the duties and responsibilities typically delegated to such a committee and given the size of the Company the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

AUDIT COMMITTEE

Recommendation 4.2 requires listed entities establish an audit committee. During the year ended 30 June 2004 Jindalee Resources Limited did not have a separately established audit committee. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

The Board considers and deals with matters which would ordinarily be attended to by an audit committee including:

- setting policy and long and short term strategic planning;
- communicating strategy to relevant parties for implementation;
- monitoring the Company's performance against strategy;
- approving and monitoring all significant or major business transactions;
- designing and implementing an appropriate organisational structure;
- appointing and monitoring the conduct and performance of management and personnel and overseeing all remuneration, development and succession;
- approving and monitoring financial reporting and compliance;
- identifying and monitoring the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- overseeing control and accountability systems;
- ensuring that the Board remains appropriately skilled to meet Company needs;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

The Managing Director is accountable to the Board for management of the Company within authority levels approved by the Board and is subject to the supervision of the Board.

REMUNERATION

The Company is required to disclose in its annual report details of remuneration to Directors. A detailed explanation of the basis and quantum of Directors' remuneration is set out in the Directors' Report.

REVIEW OF BOARD PERFORMANCE

There is currently no formal process for performance evaluation of the Board, individual directors or the Managing Director.

CONTINUOUS DISCLOSURE

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and Corporations Law. The Company is required to disclose to ASX any information which a reasonable person would expect to have a material effect on the price or value of the Company's securities unless certain exemptions from the requirements apply. To ensure it meets its continuous disclosure obligations, the Board has nominated the Managing Director and Company Secretary as responsible for all disclosure matters. Their role is to collate and, where appropriate, disclose share price sensitive information.

IDENTIFICATION AND MANAGEMENT OF SIGNIFICANT BUSINESS RISK

The Board has identified the significant areas of potential business and legal risk to the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Managing Director.

The Board review and monitors the parameters under which such risks will be managed.

ETHICAL STANDARDS

The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company's officers and employees are members of their appropriate professional bodies and are required to act in accordance with the law and with the highest ethical standards.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004

Directors and staff of Jindalee Resources Limited are not permitted to engage in trading of the Company's shares during a period when they are in possession of price sensitive information which is not currently available to the market. This includes the period leading up to the release of periodic reports.

Where a conflict of interest may arise the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration.

SHAREHOLDER COMMUNICATION

In the Company's current stage of development, matters of crucial importance arise regularly. The Managing Director will discuss significant issues with Board members and jointly will make a decision on the timely release of factual and balanced information concerning the Company's activities.

The Board of Jindalee Resources Limited endeavours to ensure that shareholders are informed of all the activities affecting the Company. Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the Australian Stock Exchange and posted on the Company's website (<http://www.jindalee.net>). Shareholders with access to the internet are encouraged to submit their email addresses to receive electronic copies of information distributed by the Company. Hard copies of this information are available on request.

The Board encourages the attendance and participation of shareholders at the Annual General Meeting and specifically convened General Meetings by holding those meetings in a location accessible by a large number of shareholders.

The auditor is invited to attend the Annual General Meeting of Shareholders. The Chairman will permit shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
Revenue from ordinary activities	2	569,821	113,954
Net book value of asset disposal		(105,862)	-
Employee benefits expense		(73,236)	(73,455)
Depreciation expense		(8,194)	(9,019)
Exploration expenditure written off		(121,895)	(160,153)
Tenancy and operating expenses		(56,924)	(62,631)
Other expenses from ordinary activities	3	(59,806)	(79,685)
Profit (Loss) from ordinary activities before related income tax expense		143,904	(270,989)
Income tax expenses relating to ordinary activities	4	-	-
Profit (Loss) from ordinary activities after income tax		143,904	(270,989)
Total changes in equity other than those resulting from transactions with owners as owners		143,904	(270,989)
Basic profit (loss) per share (cents per share)		0.68	(1.3)
Diluted profit (loss) per share (cents per share)		0.68	(1.3)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets	16	1,570,281	1,985,962
Receivables	6	28,608	15,556
Other financial assets	7	200,000	-
Total Current Assets		<u>1,798,889</u>	<u>2,001,518</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	33,414	39,736
Exploration, evaluation and development expenditure	9	1,009,075	658,444
Total Non-Current Assets		<u>1,042,489</u>	<u>698,180</u>
TOTAL ASSETS		<u>2,841,378</u>	<u>2,699,698</u>
CURRENT LIABILITIES			
Payables	10	10,255	12,646
Provisions	11	1,723	1,603
Total Current Liabilities		<u>11,978</u>	<u>14,249</u>
TOTAL LIABILITIES		<u>11,978</u>	<u>14,249</u>
NET ASSETS		<u>2,829,400</u>	<u>2,685,449</u>
EQUITY			
Contributed Equity	12	2,993,454	2,993,407
Accumulated losses	23	(164,054)	(307,958)
TOTAL EQUITY	13	<u>2,829,400</u>	<u>2,685,449</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash receipts in the course of operations		30,000	10,000
Cash payments in the course of operations		(311,271)	(255,589)
Interest received		89,821	101,469
Net cash provided by / (used in) operating activities	16	(191,450)	(144,120)
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure		(472,406)	(398,094)
Payments for property, plant and equipment		(1,872)	(14,944)
Proceeds from sale of tenements		250,000	-
Net cash provided by / (used in) investing activities		(224,278)	(413,038)
Cash flows from financing activities			
Proceeds from issue of shares and options		47	68,047
Loan repaid to associated entity		-	(184,322)
Net cash provided by / (used in) financing activities		47	(116,275)
Net increase / (decrease) in cash held		(415,681)	(673,433)
Cash at the beginning of the financial year		1,985,962	2,659,395
Cash at the end of the financial year	16	1,570,281	1,985,962

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

1. SUMMARY OF ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) Basis of Accounting.

The financial report is a general purpose financial report prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. The Financial Report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Unless otherwise stated, policies adopted in the preparation of the financial report are consistent with those of the previous year.

(b) Depreciation of Property, Plant and Equipment

Depreciation is calculated on the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all buildings, plant and equipment. The rates used are based on the useful life of the assets and range from 13.5% to 100%.

(c) Income Tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit/(loss) before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit/(loss) before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

(d) Investments

Shares held as current assets in companies quoted on prescribed stock exchanges have been valued at the lower of cost or market value. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

(e) Exploration and Development Costs

The company's policy with respect to exploration and development cost is to use the area of interest method. Under this method exploration and development costs are carried forward on the following basis:

- i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration, evaluation and development costs.
- ii) Exploration and development costs related to an area of interest are carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
 - such development costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
 - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and development costs accumulated in respect of each particular area of interest include only net direct expenditure.

(f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(g) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the net loss in the reporting period in which the recoverable amount write-down occurs.

(h) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure, development properties or mine properties based on the stage of development reached at the date of acquisition.

(i) Comparative Figures

The comparative figures are amended where appropriate to conform with any change in the current year presentation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

(j) Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

(k) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

(l) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax.

(m) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of the International Financial Reporting Standards (IFRS) effective for the financial years commencing on or after 1 January 2005. This requires the production of accounting data for further comparative purposes at the beginning of the next financial year.

The entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Directors will oversee and manage the entity's transition to IFRS. They will seek to keep shareholders informed as to the impact of the new standards as they are finalised.

The Directors are of the opinion that the key differences in the entity's accounting policies which will arise from the adoption of the IFRS are:

• Exploration Evaluation and Development

It is expected that the IFRS equivalent to AASB 1022 Accounting for the Extractive Industries will require that costs associated with exploration and development be expensed in the period in which they are incurred. In terms of current policy, costs are capitalised to the statement of financial position where it is expected that such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale.

• Impairment of Assets

The entity currently determines that recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less cost to sell and value in use. It is

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

- Employee Benefits – Defined Benefit Superannuation Plan

The economic entity does not record, as an asset or a liability, the difference between the defined benefit superannuation plan's accrued benefits and the net market value of the plan's assets. In terms of the Australian equivalent to IAS 19: Employee Benefits the entity will be required to recognise actuarial gain and losses relating to such plans in the statement of financial performance as they arise.

- Non-Current Investments

Under the AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

- Income Tax

Currently, the entity adopts the liability method of tax-effect accounting whereby the income tax expenses is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

- Derivative Financial Investments

The entity does not currently recognise derivative financial instruments in the financial statements. AASB 139: Financial Instruments: Recognition and Measurement will require a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.

2. REVENUE FROM ORDINARY ACTIVITIES

	2004	2003
	\$	\$
Revenue from operating activities:		
Proceeds on sale of mining tenements	480,000	10,000
Revenues from outside the operating activities:		
Interest from other parties	89,821	103,954
Total revenue from ordinary activities	569,821	113,954

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

3. PROFIT FROM ORDINARY ACTIVITIES

	2004	2003
	\$	\$
<hr/>		
Profit (Loss) from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following item:		
Expenses:		
Depreciation expense	8,194	9,019
Exploration expenditure – written off	121,895	160,153
Revenue:		
Profits from sale of mining tenements	344,138	-

4. INCOME TAX EXPENSE

No income tax has been provided for or charged as an expense in the financial statements as the company has the benefit of carried forward tax losses. The benefit of remaining tax losses will only be obtainable if:

- i) The company derives future assessable income of a nature and amount sufficient to enable the benefit from the deduction for the losses to be realised.
- ii) The company continues to comply with the provisions of the income tax legislation relating to the deduction of losses from prior years.
- iii) No changes in tax legislation adversely affect the company in realising the benefit from the deduction for the losses.

	2004	2003
	\$	\$
<hr/>		
The directors estimate that the potential future income tax benefit at 30 June 2004 in respect of tax losses, not brought to account is:	1,419	53,698
	<hr/>	<hr/>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

5. REMUNERATION OF DIRECTORS & EXECUTIVES

Directors' And Executives Emoluments

Details of the nature and amount of the emoluments of each director of the Company and each of the named officers receiving the highest emoluments are:

2004	Primary Benefit	Post Employment Benefit	Equity	Total
Director	Salaries & Fees	Superannuation	Options	\$
Director	\$	\$	\$	\$
Mr D R Kennedy	29,900	-	-	29,900
Mr L G Dudfield	112,498	-	-	112,498
Mr M R Scott	-	-	-	-
	142,398	-	-	142,398

2003	Primary Benefit	Post Employment Benefit	Equity	Total
Director	Salaries & Fees	Superannuation	Options	\$
Director	\$	\$	\$	\$
Mr D R Kennedy	30,300	-	-	30,300
Mr L G Dudfield	101,076	-	-	101,076
Mr M R Scott	-	-	-	-
	131,376	-	-	131,376

There are no specified executives of the Company as the directors are accountable and responsible for the strategic direction and operational management of the company.

The aggregate number of shares and options of the Company held directly, indirectly or beneficially by directors of the Company is disclosed in Note 15 to these accounts.

6. CURRENT ASSETS - RECEIVABLES

	2004	2003
	\$	\$
Other debtors	28,608	15,556

7. CURRENT ASSETS - OTHER FINANCIAL ASSETS

	2004	2003
	\$	\$
Shares in listed corporation at cost (market value of shares as at 30/06/04 is \$470,000)	200,000	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2004	2003
	\$	\$
Plant and equipment - at cost	50,627	48,755
Less: accumulated depreciation	(17,213)	(9,019)
	33,414	39,736
Reconciliation of the carrying amount of property, plant and equipment:		
Carrying amount at 1 July 2003	39,736	33,812
Additions	1,872	14,943
Less depreciation expense for year	(8,194)	(9,019)
Carrying amount at 30 June 2004	33,414	39,736

9. NON-CURRENT ASSETS - EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2004	2003
	\$	\$
Balance at beginning of year - at cost	658,444	420,505
Exploration expenditure incurred	472,526	398,092
Exploration expenditure written off	(121,895)	(160,153)
	1,009,075	658,444

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas

10. CURRENT LIABILITIES - PAYABLES

	2004	2003
	\$	\$
Trade creditors	10,255	12,646

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

11. CURRENT LIABILITIES – PROVISIONS

	2004	2003
	\$	\$
Employee entitlements	1,723	1,603

12. CONTRIBUTED EQUITY

	2004	2003
	\$	\$
Share capital		
20,809,584 (2003: 20,809,396) ordinary shares, fully paid	2,993,454	2,993,407
	2004	2003
	\$	\$
(a) Movements in ordinary share capital		
Balance at the beginning of the year	2,993,407	2,925,362
8,073,971 "loyalty options" issued at a price of 1 cent each, exercisable at 25 cents each on or before 30/06/05.	-	80,739
188 ordinary shares issued on the conversion of 25 cent options.	47	-
Less: Transaction costs arising on share issues	-	(12,694)
Balance at the end of year	2,993,454	2,993,407

13. TOTAL EQUITY

	2004	2003
	\$	\$
Total equity at the beginning of the financial year	2,685,449	2,888,394
Operating profit (loss) after income tax attributable to the members of the parent entity	143,904	(270,989)
Increase in share capital	47	68,044
Total equity at the end of the financial year	2,829,400	2,685,449

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

14. PERFORMANCE BONDS AND SECURITY DOCUMENTS

In support of titles granted to or operated by the Company, various securities have been submitted to the Department of Minerals & Petroleum Resources. These consist of unconditional performance bonds, securities or Form 32 security documents with a total potential liability of \$106,000.

15. RELATED PARTY DISCLOSURES

The names of persons who were Directors of the Company at any time during the financial year are as follows:

Donald Ross KENNEDY
Lindsay George DUDFIELD
Mark Richard SCOTT

Remuneration & Employment Agreements

Information on remuneration of Directors is disclosed in note 5.

Transactions with Directors and Director-Related Entities

The following related party transactions occurred during the financial year.

- i) During the year the Company paid a total of \$91,303 to Western Geological Services for the provision of technical and management services and reimbursed Western Geological Services \$21,195 on a cost basis for vehicle hire and expenses associated with renting office space for the Company. Western Geological Services is related to Mr Dudfield, who is a director and shareholder of the Company.
- ii) During the year the Company paid a total of \$29,900 to Redross Consultants Pty Ltd for the provision of technical and management services. Redross Consultants Pty Ltd is related to Mr Kennedy, who is a director and shareholder of the Company.
- iii) In March 2004, Jindalee agreed to sell part of its Mt Gibb gold and nickel project in the Forrestania Greenstone Belt of W.A. to Great Western Exploration Limited. Great Western has subsequently listed on the Australian Stock Exchange.

Under the terms of the agreement Great Western purchased 80% of the project for a mixture of cash and equities as follows:

- \$250,000 cash
- 2 million Great Western shares
- 2 million Great Western options (exercisable at 20 cents within 5 years, unlisted)

Great Western has assumed responsibility for funding exploration at Mt Gibb with Jindalee free-carried to completion of a Bankable Feasibility study.

Great Western Exploration Limited is related to Mr Kennedy, who is a director and shareholder of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

Aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Directors of the Company at 30 June 2004:

	2004	2003
Mr D R Kennedy		
Ordinary fully paid shares	32,000	32,000
25 cent options expiring 30/06/05	16,000	16,000
35 cent options expiring 30/06/07	500,000	500,000
Mr L G Dudfield		
Ordinary fully paid shares	2,934,874	1,612,249
25 cent options expiring 30/06/05	565,000	565,000
35 cent options expiring 30/06/07	1,000,000	1,000,000
Mr M R Scott		
Ordinary fully paid shares	2,721,103	2,721,053
25 cent options expiring 30/06/05	1,360,553	1,360,553
35 cent options expiring 30/06/07	500,000	500,000

16. RECONCILIATION OF PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2004	2003
	\$	\$
Profit (Loss) from ordinary activities after income tax	143,904	(270,989)
Profit from sale of mining tenements	(344,139)	-
Exploration expenditure written off	121,895	160,153
Exploration expenditure credit on sale of mining tenements	(105,861)	-
Depreciation	8,194	9,019
Change in operating assets and liabilities during the financial year:		
(Increase) decrease in debtors	(13,052)	(2,485)
Increase (decrease) in accounts payable	(2,391)	(39,818)
Net cash (used in) operating activities	(191,450)	(144,120)
Reconciliation of cash balance comprises:		
Cash at bank	1,570,281	1,985,962

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

17. EARNINGS PER SHARE

	Jindalee Resources Limited	
	2004	2003
Basic earnings per share (cents per share)	0.68	(1.3)
Diluted earnings per share (cents per share)	0.68	(1.3)
Weighted average number of ordinary shares used in calculation of basic earnings per share.	20,809,584	20,809,396
Diluted weighted average number of ordinary shares used in calculation of basic earnings per share	20,809,584	20,809,396

18. CONTINGENT LIABILITIES

Claims of Native Title

To date the Company has been notified by the Native Title Tribunal of native title claims which cover some of the Company's licence holdings. Until further information arises in relation to the claims and its likelihood of success, the Company is unable to assess the likely effect, if any, of the claims.

19. COMMITMENTS FOR EXPENDITURE

	2004	2003
	\$	\$
A. Exploration Tenement Leases		
In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and to meet the minimum expenditure requirements of the Western Australian Department of Mineral and Petroleum Resources. These obligations are subject to renegotiation upon expiry of the exploration licences or when application for a mining lease is made, and assume that all pending applications are granted, no properties are farmed out, and no expenditure exemptions are granted. These obligations are not provided for in the financial statements and are payable:		
Not later than 1 year	238,074	313,400
Later than 1 year but not later than 2 year	238,074	313,400
Later than 2 years but not later than 5 years	238,073	313,400
	714,221	940,200

B. Capital Expenditure Commitments

There are no capital expenditure commitments for the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

20. REMUNERATION OF AUDITORS

	2004	2003
	\$	\$
Amounts received or due and receivable by the auditors for:		
Auditing the financial statements	7,000	5,250
Other services	-	-
	7,000	5,250

21. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

The credit risk on financial assets of the Company which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out below.

Exposures rise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold the fixed rate assets and liabilities to maturity.

2004	Note	Floating interest rate \$	Fixed Interest 1 yr or less \$	over 1 to 5 yrs \$	Maturing in: more than 5 years \$	Non- interest bearing \$	Total \$
Financial assets							
Cash	16	1,570,281	-	-	-	-	1,570,281
Receivables	6	-	-	-	-	28,608	28,608
Other financial assets	7	-	-	-	-	200,000	200,000
		1,570,281	-	-	-	228,608	1,798,889
Weighted average interest rate							
		3.25%					
Financial liabilities							
Payables	10	-	-	-	-	10,255	10,255
Provisions	11	-	-	-	-	1,723	1,723
		-	-	-	-	11,978	11,978
Net financial assets (liabilities)		1,570,281	-	-	-	216,630	1,786,911

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

21. FINANCIAL INSTRUMENTS (CONT'D)

	Notes	2004 \$
--	-------	------------

Reconciliation of Net Financial Assets to Net Assets

Net financial assets as above		1,786,911
Non-financial assets and liabilities		
Property, plant and equipment	8	33,414
Exploration, evaluation and development	9	1,009,075
		2,829,400

2003		Floating interest rate	Fixed Interest 1 yr or less	Fixed Interest over 1 to 5 yrs	Maturing in: more than 5 years	Non- interest bearing	Total
	Note	\$	\$	\$	\$	\$	\$
Financial assets							
Cash	16	1,985,962	-	-	-	-	1,985,962
Receivables	6	-	-	-	-	15,556	15,556
		1,985,962	-	-	-	15,556	2,001,518
Weighted average interest rate							
	3.7%						
Financial Liabilities							
Payables	10	-	-	-	-	12,646	12,646
Provisions	11	-	-	-	-	1,603	1,603
						14,249	14,249
Net financial assets (liabilities)		1,985,962	-	-	-	1,307	1,987,269

	Notes	2004 \$
--	-------	------------

Reconciliation of Net Financial Assets to Net Assets

Net financial assets as above		1,987,269
Non-financial assets and liabilities		
Property, plant and equipment	8	39,736
Exploration, evaluation and development	9	658,444
		2,685,449

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

21. FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2004	
	\$ Carrying amount	\$ Net fair value
Financial assets		
Debtors	28,608	28,608
Other financial assets	200,000	200,000
	228,608	228,608
Financial liabilities		
Payables	10,255	10,255
Provisions	1,723	1,723
	11,978	11,978
	2003	
	\$ Carrying amount	\$ Net fair value
Financial assets		
Debtors	15,556	15,556
	15,556	15,556
Financial liabilities		
Payables	12,646	12,646
Provisions	1,603	1,603
	14,249	14,249

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

22. SEGMENT INFORMATION

Industry Segment

During the financial year the Company operated in one industry, the mining exploration and prospecting industry.

Geographical Segments

During the financial year the Company operated within Australia only.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

23. ACCUMULATED LOSSES

	2004	2003
Accumulated losses at the beginning of the financial year	(307,958)	(36,968)
Net profit (loss) attributable to members of the Company	143,904	(270,989)
Accumulated profits (losses) at the end of the financial year	(164,054)	(307,958)

24. EVENT OCCURRING AFTER BALANCE DATE

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

DIRECTOR'S DECLARATION

The Directors declare that the financial statements and notes set out on pages 19 to 34:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; 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 Directors.



L G DUDFIELD
Managing Director

21st day of September 2004 at Perth, Western Australia

INDEPENDENT AUDIT REPORT



Horwath Perth

ABN 13 412 308 092

Chartered Accountants

A member of Horwath International

128 Hay Street Subiaco WA 6008

PO Box 700 West Perth WA 6872

Email horwath@perth.horwath.com.au

Telephone (08) 9380 8400

Facsimile (08) 9380 8499

Independent audit report to members of Jindalee Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Jindalee Resources Limited (the company) for the year ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENT AUDIT REPORT



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Jindalee Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Dated the 21st day of September 2004.

HORWATH PERTH
Chartered Accountants

HORWATH PERTH

GLYN O'BRIEN
Partner

SUMMARY OF TENEMENTS

INTERESTS IN MINING TENEMENTS (AS AT 30/09/04)

Raeside JV E31/213 E31/291 ELA31/603 P31/1666 ELA31/665	Braiser Well E37/606 MLA37/1206-1207	Lake Carey E38/1212*4 MLA38/986-988	Big Bell North E20/432*4 ELA20/534*4 PLA20/1866*4 MLA20/487-491*4
Glenorn JV E31/412 MLA39/859 ELA39/1052	Edjudina E31/418 MLA31/367	Carey ELA39/788	Polelle E51/1003 ELA51/1042
Irontank Well JV E37/692*2 PLA37/6417*2	Claypan Bore ELA31/349	McDougal E39/882	Gidgee ELA51/1044
Cardinia JV P37/4404*6 P37/4405*6 P37/4406*6 P37/4407*6 MLA37/646*6 MLA37/647*6 MLA37/648*6	Rainbow Dam E31/556	Murphy's Well ELA39/828	Widgie ELA20/549 ELA51/1048 ELA20/551
Yilgangi E31/597 E31/551 ELA31/660	Jessie Dam ELA31/602 PLA31/1694	Crimson Belle E39/879	Jeffrey Well ELA20/507
Kilkenny E39/990 ELA39/1032	Burley Well ELA37/758	Lake Edge ELA39/947	Ninden Hill ELA20/536
Mt Remarkable E39/698*3 M39/909*3	Watson Well ELA31/370	Mt Howe E39/925	Lake Violet ELA53/1085
Jubilee Well ELA38/1730	Menangina ELA31/637	Yundamindra ELA39/989 ELA39/1019	Joyners Find E53/1089*5
Jubilee Hill ELA38/1729*8	Mt Gibb E74/181*7 ELA74/273*7 ELA74/305*7 P74/157*7 PLA74/251*7 ELA74/313*7 ELA74/320*7	Mt Weld ELA39/1048	Kirkalocka E59/1024*1
	Burtville ELA38/1676*8 ELA38/1672*8 ELA38/1671*8	White Quartz Bore ELA39/814	West Musgraves E69/1887 E69/1888 E69/1889
	One Tree Well ELA31/657	Trishs Rise ELA38/1691	Bow River ELA80/3392
		Karara Well ELA38/1716*8	
		Mt Korong ELA39/1089	

All of the above tenements are situated in Western Australia and are beneficially owned by Jindalee. Percentage interest is 100% unless otherwise stated.

ABBREVIATIONS

*1 = JV with Equigold NL	*8 = Subject to ballot
*2 = JV with Newcrest Mining Limited	E = Exploration License
*3 = JV with Cougar Metals NL	P = Prospecting License
*4 = JV with Teck Cominco	M = Mining Lease
*5 = JV with Golden West Resources	ELA = Exploration License Application
*6 = 11% only	PLA = Prospecting License Application
*7 = 20% free carried	MLA = Mining License Application

SHAREHOLDER INFORMATION

DISTRIBUTION OF EQUITY SECURITIES (AS AT 30/09/04)

Analysis of numbers of shareholders by size of holding

Number held 20,809,584

Spread of Holdings	No. of holders	No. of units	% of total issued capital
1 - 1,000	91	42,726	0.205%
1,001 - 5,000	149	463,070	2.225%
5,001 - 10,000	167	1,363,798	6.553%
10,001 - 100,000	219	6,886,319	33.092%
100,001 - 3,000,000	24	12,053,671	57.923%
	TOTAL 650	20,809,584	99.998 %

Analysis of number of option holders by size of holding

Number held 8,073,783

Spread of Holdings	No. of holders	No. of units	% of total
1 - 1,000	41	19,779	0.244%
1,001 - 5,000	83	328,456	4.068%
5,001 - 10,000	49	409,339	5.069%
10,001 - 100,000	80	2,742,090	33.962%
100,001 - 2,000,000	10	4,574,119	56.653%
	TOTAL 263	8,073,783	99.996 %

The percentage of the total holding of the 20 largest holders of each class of equity securities was:

Ordinary shares	60.907%
Options	72.140%

SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders is set out below:

Name	% of Issued Securities	Number of Ordinary Shares
Mr Lindsay Dudfield	15.80	3,288,766
Kale Capital Corporation	13.07	2,721,103
Teck Cominco Australia Pty Ltd	7.44	1,550,000

SHAREHOLDER INFORMATION

20 LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are listed below:

Name	% of Issued Securities	Number of Ordinary Shares
1. Mr Lindsay Dudfield	15.80	3,288,766
2. Kale Capital Corporation	13.07	2,721,103
3. Teck Cominco Australia Pty Ltd	7.44	1,550,000
4. Jopan Management Pty Ltd	4.70	978,800
5. Yandal Investments Pty Ltd	4.33	902,500
6. Pillage Investments Pty Ltd	2.40	500,000
7. Spaceface Pty Ltd	1.92	399,849
8. Mr William Brooks	1.44	300,000
9. ANZ Nominees Limited	1.11	232,233
10. Ross Asset Management Limited	1.09	226,920
11. Pensaw Pty Ltd	0.97	202,500
12. J Williams & Co Pty Ltd	0.96	200,000
13. Warramboos Holdings Pty Ltd	0.96	200,000
14. Wythenshawe Pty Ltd	0.96	200,000
15. Mr James David Thorn	0.89	186,000
16. Kagelu Holdings Pty Ltd	0.64	133,862
17. United Asset Management Ltd	0.61	126,990
18. Lake Argyle Holdings Pty Ltd	0.57	120,000
19. Lawstar Pty Ltd	0.50	105,000
20. Chesilton Pty Ltd	0.48	100,000

20 LARGEST OPTION HOLDERS

The names of the twenty largest option holders are listed below:

Name	% of Issued Securities	Number of Options
1. Kale Capital Corporation	16.85	1,360,553
2. Teck Cominco Australia Pty Ltd	12.38	1,000,000
3. Lindsay Dudfield	6.99	565,000
4. Jopan Management Pty Ltd	6.89	557,000
5. Apakian Pty Limited	6.20	500,625
6. M & K Korkidas Pty Ltd	5.60	452,828
7. Yandal Investments Pty Ltd	3.09	250,000
8. Wilabenson Pty Ltd	1.55	125,188
9. Spaceface Pty Ltd	1.54	124,925
10. Ross Asset Management Limited	1.40	113,460
11. Warramboos Holdings Pty Ltd	1.23	100,000
12. Wythenshawe Pty Ltd	1.23	100,000
13. Bond Street Custodians	1.15	93,000
14. Ronald Boyd	1.05	85,000
15. Strong Investments Pty Ltd	1.00	81,250
16. Kagelu Holdings Pty Ltd	0.82	66,931
17. Adrian Donald Lee	0.80	65,250
18. United Asset Management Ltd	0.78	63,496
19. Mr Jyrki Olavi Hilakari	0.74	60,000
20. Lake Argyle Holdings Pty Ltd	0.74	60,000



Level 1, 3 Ord Street, West Perth WA 6005

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Telephone: 61 8 9321 7550 Facsimile: 61 8 9321 7950

Email: enquiry@jindalee.net Web: www.jindalee.net



Resources Limited
ACN 064 121 133

Jindalee Resources Ltd
ABN 52 064 121 133
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Western Australia
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Email: enquiry@jindalee.net
Web: www.jindalee.net

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Jindalee Resources Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday 24th November 2004 at 4.00pm Western Standard Time, for the purpose of transacting the following business:

BUSINESS

Annual Accounts

To receive and consider the Company's Financial Report and the Auditor's Report for the year ended 30 June 2004.

Resolution 1 - Re-election of Mr Donald Ross Kennedy as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, Mr Donald Ross Kennedy, being a Director of the Company who retires in accordance with clause 13.2 of the Company's Constitution, be re-elected."

Resolution 2 – Issue of Options to Director – Mr Donald Ross Kennedy

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and all other purposes, the Company approve and authorise the grant and issue of up to 250,000 options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting to Mr Donald Ross Kennedy."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 2 by Mr Kennedy or any associates of Mr Kennedy. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution;
- (b) it is not cast on behalf of Mr Kennedy or an associate of Mr Kennedy; and
- (c) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Issue of Options to Director – Mr Lindsay George Dudfield

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and all other purposes, the Company approve and authorise the grant and issue of up to 500,000 options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting to Mr Lindsay George Dudfield."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 2 by Mr Dudfield or any associates of Mr Dudfield. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution;
- (b) it is not cast on behalf of Mr Dudfield or an associate of Mr Dudfield; and
- (c) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 – Issue of Options to Director – Mr Mark Richard Scott

To consider and, if thought fit, to pass the following resolution as a ordinary resolution:

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and all other purposes, the Company approve and authorise the grant and issue of up to 250,000 options on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting to Mr Mark Richard Scott."

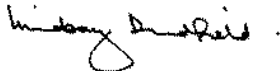
The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 2 by Mr Scott or any associates of Mr Scott. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution;
- (b) it is not cast on behalf of Mr Scott or an associate of Mr Scott; and
- (c) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Other Business

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.

By Order of the Board



LINDSAY DUDFIELD
Managing Director
13 October 2004

PROXIES

- Votes at the general meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.
- A proxy may but need not be a shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed.

PROXY FORM

The Company Secretary
Jindalee Resources Limited

Registered Office Address: Level 1, 3 Ord
Street, West Perth,
Western Australia
6005

Postal Address: PO Box 1033,
West Perth,
Western Australia
6872

Telephone: (08) 9321 7550

Facsimile: (08) 9321 7950

Email: enquiry@jindalee.net.au

I/We (name of shareholder)

of (address)

being a member/members of Jindalee Resources Limited ("Company")

holding shares in the Company

HEREBY APPOINT

(proxy's name)

of (proxy's address).....

and/or failing him (name)

of (address)

or failing that person then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 48 Ord Street, West Perth, Western Australia on 24 November 2004 at 4.00 WST and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Re-election of Mr Donald Ross Kennedy as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Options to Director – Mr Mark Richard Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Options to Director – Mr Lindsay George Dudfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Director – Mr Donald Ross Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote in favour of the resolution.

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes. My total voting right is _____ shares

If the shareholder is an individual:

Name: _____

If the shareholder is a company:

Affix common seal (if required by Articles)

Director/Sole Director and Secretary

Director/Secretary

Dated: 2004.

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his or her attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, by post, facsimile or email to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is the Chairman, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

JINDALEE RESOURCES LIMITED
ACN 064 121 133

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of the Company.

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting:

Resolution 1 - Re-election of Mr Donald Ross Kennedy as a Director

Mr Kennedy is required to resign pursuant to the rotation of directors rule in the Company's Constitution. Mr Kennedy, being eligible, has offered himself for re-election as a Director of the Company.

Resolutions 2 to 4 – Issue of Options to Directors

Introduction

The Company proposes to issue a total of 1,000,000 options to Messrs Ross Kennedy, Lindsay Dudfield and Mark Scott, each option having an exercise price of 30 cents and an expiry date of 30 June 2009.

The grant of options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

Under the Company's current circumstances, the Directors consider that the incentives to the Directors noted above, represented by the issue of these options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation to Directors. Messrs Ross Kennedy and Mark Scott are Non-Executive Directors of the Company. The Company acknowledges the issue of options to Non-Executive Directors is contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However the Directors are of the view that at this stage of the Company's development it is far better for Directors of the Company to be compensated by way of securities in the Company, rather than by way of cash.

The number of options to be issued to each of the Directors has been determined based on a number of factors including:

- (a) length of service. Each of the Directors have been with the Company since its admission to the ASX. These Directors, along with the remainder of the Board, have overseen the development of the Company's exploration strategy. Mr Dudfield is the managing director who is directly responsible for the implementation of the strategy.
- (b) the role of each Director and whether they hold an executive or non-executive position.
- (c) continuity of senior management. The Directors have each acquired substantial and extensive knowledge regarding the development of the Company's projects. The retention of the current Board with the knowledge possessed by each of them will be critical to the successful development of the Company's projects.
- (d) alignment of interests. The Directors consider that it is in the interests of shareholders to align the interests of Directors and shareholders by encouraging Directors, subject to appropriate milestones, to have an equity holding in the Company. However, the Directors consider that similarly to other shareholders, this interest should arise through direct investment by the Directors in the Company. In this regard, where the Options are exercised the Directors will be investing \$300,000 into the Company.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

The exceptions to the provision include where:

- (c) the financial benefit is given on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm's length or are less favourable than those terms; or
- (d) the financial benefit is remuneration to a related party as a director of the public company and to give the remuneration would be reasonable given the circumstances of each of the public company and the related party.

For the purposes of Chapter 2E, each of the Directors are related parties of the Company.

Resolutions 2 to 4 provide for the grant of options to Directors of the Company which is a financial benefit for the purposes of Chapter 2E of the Corporations Act.

In accordance with section 208 and sections 217 to 227 of the Corporations Act, the following information is provided to shareholders:

- (a) Subject to shareholder approval, the following options will be granted to the following Directors or their nominees:

Name of Director	Number of Options
Ross Kennedy	250,000
Lindsay Dudfield	500,000
Mark Scott	250,000

Each option has an exercise price of 30 cents and an expiry date of 30 June 2009.

- (b) The nature of the financial benefit proposed to be given is the grant of options for no consideration in the Company on the terms and conditions set out in Annexure A to this Explanatory Memorandum. The purpose of the issue is to give each of the Directors an incentive to provide dedicated and ongoing commitment to the Company.
- (c) Each of Messrs Scott, Kennedy and Dudfield (who were all available to consider the resolutions) decline to make a recommendation to shareholders in respect of Resolutions 2 to 4 as each has a material personal interest in the outcome of the particular resolution that relates to the proposed issue of options to them individually and consider it inappropriate to make a recommendation in relation to the other resolutions in the circumstances.
- (d) The proposed ordinary resolutions would have the effect of giving power to the Directors to grant up to 1,000,000 options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 20,809,584 shares; 8,073,783 listed options exercisable at \$0.25 by 30 June 2005 and 2,375,000 options exercisable at \$0.35 by 30 June 2007.

Details of Directors' remuneration for the year ended 30 June 2004 and current shareholdings in the Company are outlined below:

Director	Consulting Fees \$	Office Rental & Vehicle Hire \$	Shares	Listed Options (exercisable at 25¢ by 30/06/05)	Unlisted Options (exercisable at 35¢ by 30/06/07)
Ross Kennedy	29,900	-	32,000	16,000	500,000
Lindsay Dudfield	91,303	21,195	2,934,874	565,000	1,000,000
Mark Scott	-	-	2,721,053	1,360,553	500,000

It is anticipated that Directors' remuneration for the year ending 30 June 2005 will be at a similar level to the proceeding period.

If all of the options granted to Directors as proposed are exercised, the effect would be to dilute the shareholding of existing shareholders by approximately 4.6% based on the number of shares on issue as at the date of the notice, assuming no other existing options are exercised. The market price of the Company's shares during the period of the options will normally determine whether or not option holders exercise the options. At the time any options are exercised and shares are issued pursuant to the exercise of the options, the Company's ordinary shares may be trading on ASX at a price which is higher than the exercise price of the options.

At the date of this Explanatory Memorandum, the price of the shares in the Company trading on the ASX was \$0.165. In the 12 months before the date of this notice, the highest price of the shares in the Company trading on the ASX was \$0.42 which occurred on 14 October 2003 and the lowest price of the shares in the Company trading on ASX was \$0.15 which occurred from 15 to 21 June 2004.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the options.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

Details concerning value of options

The options are not to be quoted on ASX and as such have no actual market value. At the date of this Explanatory Memorandum, the latest ASX price of the Shares to which the options may be converted was \$0.165. The options are capable of being converted to Shares by payment of \$0.30 and accordingly have minimal present value at the date of grant. The options may acquire future value dependent upon the extent, if any, by which the Shares exceed \$0.30 during the term of the options.

The options have been valued using the Black-Scholes pricing model and based on the following assumptions:

- (a) the options expire on 30 June 2009;
- (b) a price per share of \$0.165;
- (c) 90 day weekly volatility of the Company of 50%;
- (d) an interest rate of 5.11%;
- (e) the valuations ascribed to the various options may not necessarily represent the market price of the options at the date of valuation; and
- (f) the valuation date for the options is 13 October 2004 (being the date of the Notice).

Based on the above the options have been valued at \$0.051 each.

Accordingly, the total value of options to be issue to each director is as follows:

Director	Value
Ross Kennedy	\$12,750
Lindsay Dudfield	\$25,500
Mark Scott	\$12,750

Section 195 of the Corporations Law

Section 195 of the Corporations Act provides, in essence, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

As all 3 Directors of the Company are considered to hold a material personal interest in the consideration of the matters referred to in Resolutions 2 to 4, the Directors have exercised their right under section 195(4) of the Corporations Act and resolved to place before the shareholders Resolutions 2 to 4.

Listing Rule 10.11

Listing Rule 10.11 requires shareholders to approve the issue of securities (including options) to a related party of the Company. As the Directors are each a related party of the Company, shareholder approval under this Listing Rule is required.

Separate approval pursuant to ASX Listing Rule 7.1 is not required to approve the proposed issue of options to Directors as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of options to Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

Additional Information

For the purposes of Listing Rule 10.13, the following information is provided to shareholders:

- (a) the maximum number of options to be issued is 1,000,000;
- (b) the options will be granted no later than one month after the date of this General Meeting;
- (c) the options will be granted for no consideration;
- (d) no funds will be raised by the grant of options; and
- (e) the terms and conditions of the options are set out in Annexure A to this Explanatory Memorandum.

GLOSSARY

The following terms have the following meanings in this Explanatory Memorandum:

“**ASX**” means the Australian Stock Exchange Limited;

“**Company**” or “**Jindalee**” means Jindalee Resources Limited ACN 064 121 133;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Notice**” means the notice of meeting accompanying this Explanatory Memorandum.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS TO BE GRANTED TO DIRECTORS

1. No monies will be payable for the issue of the Options.
2. A certificate will be issued for the Options.
3. The Options will expire on 30 June 2009 ("**Expiry Date**").
4. Subject to condition 7 the Option is a right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("**Share**").
5. Shares allotted to option holders on exercise Options will be issued at a price of 30 cents each ("**Exercise Price**").
6. The Exercise Price of Shares the subject of the Options will be payable in full on exercise of the Options.
7. Options will be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:
 - (a) exercise all or a specified number of Options; and
 - (b) pay the subscription monies in full for the exercise of each Option.

The notice must be accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by him.
8. The Company will allot the resultant Shares and deliver the share certificate or holding statement within five business days of the exercise of the Option.
9. Options will not be listed for official quotation on the Australian Stock Exchange Limited ("**ASX**").
10. The Options will not be transferable.
11. There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to shareholders during the currency of the Options. Prior to any new pro rata issue of securities to shareholders, holders of Options will be notified by the Company in accordance with the requirements of the Listing Rules of the Australian Stock Exchange.
12. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
13. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.
14. Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
15. The Company will in accordance with the Listing Rules make application to have Shares allotted pursuant to an exercise of Options listed for official quotation.