Resources Limited
ABN 52 064 121 133

QUARTERLY REPORT TO SHAREHOLDERS

for the three months
ended 30 September 2006.

ASX Code - JRL

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

www.jindalee.net

HIGHLIGHTS

* **Energy Metals** (Jindalee 39%) commences extensional drilling at Bigrlyi
* Drilling programs scheduled to commence at **Yilgangi** and **Kirkalocka** during the forthcoming quarter

FINANCIAL

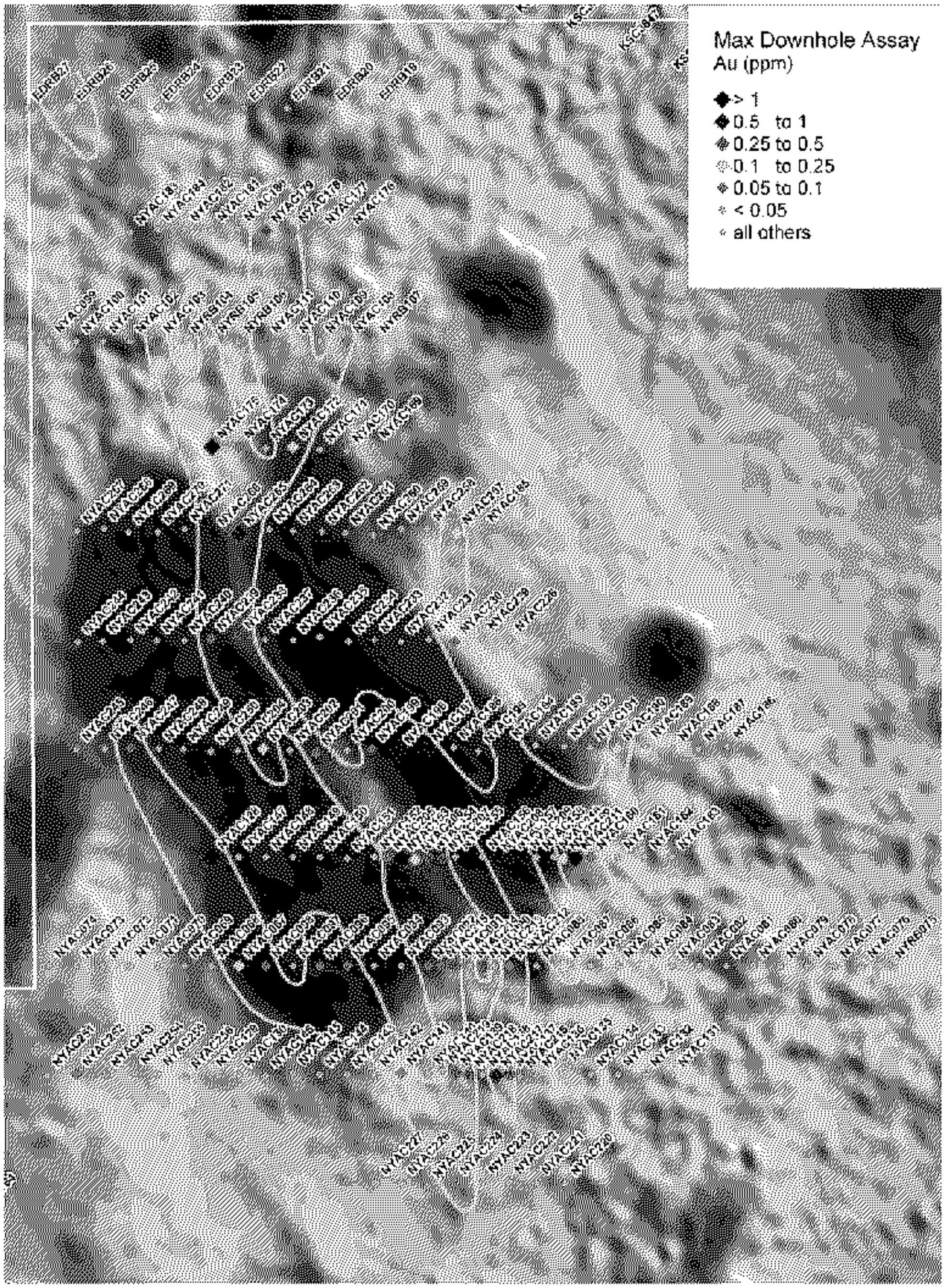
* The Company has a total of 29.8m shares on issue
* At 30 September 2006 Jindalee had no debt and held cash and shares worth approximately $28.7m ($0.96 per share)

Lindsay Dudfield
Managing Director
27 October 2006

GOLD

Yilgangi **(Newcrest earning 70%)**

Newcrest can earn a 70% interest in the Yilgangi project by spending $750,000 on exploration by March 2008. 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 advises that a base of hole geological interpretation from the aircore drilling at Yilgangi was completed during the quarter. Rock types encountered include porphyritic and granitic intrusives, mafic and intermediate volcanics and volcaniclastics. N and NE trending structures dominate the magnetics. There appears to be a good spatial association with mineralisation, porphyritic intrusions and structure.

A review of the aeromagnetic data over the joint venture tenement has highlighted two possible syenite intrusives with zones of magnetite destruction that have not been previously assessed. A review of work conducted by previous explorers has identified a series of soil sampling programs over some of the tenement. While the quality of the sampling is variable the survey detected weak anomalism near the interpreted syenite intrusives. An auger program is being planned over the interpreted syenites as well as the intermediate/mafic package in the south eastern part of the tenement.

An aircore program has been designed to infill the gold anomaly delineated from earlier wide-spaced (400m x 100m) aircore drilling. The program will test the continuity of mineralisation encountered in several previous programs including **6m @ 1.8g/t Au from 44m – NYAC211** and **4m@ 1.32g/t Au from 19m – NYAC175** on 200m x 100m spaced lines. Drilling is expected to commence mid November 2006.

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). Equigold is earning a 60% interest in the project by spending $250,000 by September 2008.

Equigold advises that no field work was undertaken in the June quarter. A RAB/aircore drilling program is scheduled for the December 2006 quarter.

NICKEL

Bow River (Jindalee 100%)

This project is located in the East Kimberley region, 80 km south of Kununurra and 60 km north along strike from the Sally Malay nickel mine. Previous drilling at Bow River intersected massive sulphides including 3.12m @ 1.45% Ni and 0.47% Cu in a differentiated mafic-ultramafic intrusion, similar to the host rock at the Sally Malay mine.

The grant of the main tenement covering the Bow River prospect had been held up as a result of objections from the Kimberley Land Council ("KLC"), representing the traditional aboriginal owners. During the previous quarter Jindalee reached agreement with the KLC, resulting in the tenement being granted late October 2006. Follow up of nickel targets at Bow River is now scheduled for the 2007 field season.

Mt Gibb (Jindalee 20% free carried)

The Mt Gibb Project is a Joint Venture with Uran Limited (formerly Great Western Exploration Limited) with Jindalee carried to completion of a bankable feasibility study. The project is located at the southern end of the Forrestania greenstone belt, along strike from Western Areas' Flying Fox and Digger Rocks nickel deposits. The primary target is sulphide nickel although the greenstone belt is also host to significant gold mineralisation.

Uran has advised that the company is seeking a partner to advance exploration at Mt Gibb.

Kilkenny **(GME earning 70%)**

The Kilkenny project comprises two Exploration Licences (E39/990 and ELA39/1167), located in the NE Goldfields approximately 45 km SE of Leonora. GME Resources Limited is earning a 70% interest in the tenements by spending $500,000 on exploration by December 2008. Once GME has earned a 70% interest Jindalee has several options, including contributing pro-rata, diluting or falling back to a 20% free-carried interest.

GME advises that field mapping conducted during the period identified spinifex textured ultramafics in the northern part of E39/990. An RC drilling program is scheduled for the forthcoming quarter.

IRON ORE

Joyner's Find **(Golden West earning 60%)**

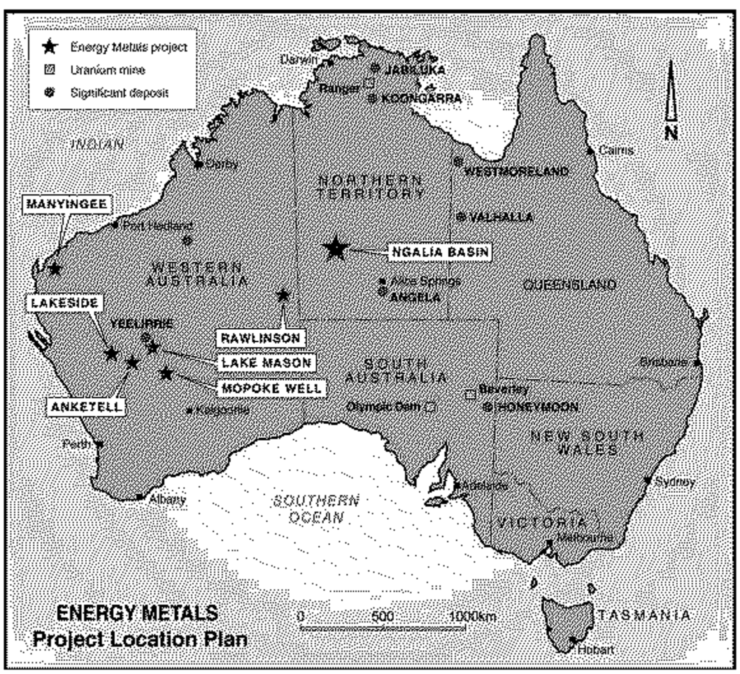
The Joyner's Find project is a joint venture with Golden West Resources Limited whereby Golden West can earn a 60% interest by spending $400,000 on exploration by April 2008. Once Golden West has earned its interest Jindalee can elect to contribute pro-rata or dilute to a 20% free carried interest.

Golden West reports that no field activities were undertaken during the quarter.

URANIUM

Energy Metals **(Jindalee 39% of issued capital)**

Jindalee holds 10 million Energy Metals shares (representing 39% of issued capital) and 5 million listed options (exercisable at 30c by 30 June 2008), giving Jindalee shareholders significant exposure to Energy Metals' portfolio of exciting uranium projects.



Energy Metals controls 8 projects (total area >4,000 km^2) located in the Ngalia Basin in the Northern Territory and in Western Australia, with 6 of the projects containing uranium mineralisation discovered in the 1970's. Initial exploration has focussed on the Bigrlyi Project in NT (53.3% owned by Energy Metals) where previous drilling returned relatively high grade intercepts with excellent metallurgical recoveries. The uranium mineralisation at Bigrlyi is accompanied by economically significant levels of vanadium.

The current uranium and vanadium resources for the Bigrlyi project (announced to ASX on 25 July 2006) are summarised below:

Indicated and Inferred Resources

Cut Off (% U_3O_8)	Tonnes	U_3O_8 (%)	V_2O_5 (%)	U_3O_8 (Kt)	V_2O_5 (Kt)	U_3O_8 (Mlb)	V_2O_5 (Mlb)
0.20	655,000	0.33	0.28	2.15	1.80	4.73	1.80
0.15	1,067,000	0.27	0.25	2.86	2.71	6.31	2.71
0.10	**1,835,000**	**0.21**	**0.22**	**3.80**	**3.99**	**8.37**	**3.99**
0.05	3,763,000	0.14	0.17	5.6	6.3	11.38	6.31

A program of extensional RC and diamond drilling designed to increase the resource base at Bigrlyi commenced late October 2006 with two rigs (one RC and one diamond) on site and a third rig due to commence diamond drilling early November 2006.

Energy Metals also reported encouraging results from broad spaced drilling at the Lake Mason project, with anomalous uranium values noted from all drill traverses completed at Lake Mason. This work is the first of a number of drilling programs designed to follow up calcrete hosted uranium mineralisation at four 100% Energy Metals owned projects located in WA.

PROJECT GENERATION

Jindalee management continues to examine opportunities with the potential to create significant value for shareholders. No suitable projects were identified during the period.

Note: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Lindsay Dudfield who is a consultant to the Company and is a member of the Australiasian Institute of Mining and Metallurgy. Mr Dudfield has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves.' Mr Dudfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.