

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 52 064 121 133

2009 ANNUAL REPORT

CORPORATE DETAILS

Directors

Mark Richard Scott
(Non-Executive Chairman)

Lindsay George Dudfield
(Managing Director)

Patricia Anne Farr
(Non-Executive Director)

Company Secretary

Ross Gregory Ledger

Registered Office

Level 2
18 Kings Park Road
WEST PERTH WA 6005
Telephone: 61 8 9321 7550
Facsimile: 61 8 9321 7950
Email: enquiry@jindalee.net
Web: www.jindalee.net

Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

Share Registry

Advanced Share Registry
100 Stirling Highway
NEDLANDS WA 6009
Telephone: 61 8 9389 8033
Facsimile: 61 8 9389 7871

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 ("ASX") - Code **JRL**.
The home exchange is Perth.

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DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Jindalee Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2009.

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
Patricia Anne Farr (appointed 29/08/2008)
Donald Ross Kennedy (resigned 01/09/2008)

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 consolidated loss of the Group after providing for income tax for the year ended 30 June 2009 was \$931,964 (2008: profit \$41,166)

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 Group during the year.

REVIEW OF OPERATIONS

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

FINANCIAL POSITION

The net assets of the Group have increased by \$1,232,910 from \$18,862,399 at 30 June 2008 to \$20,095,309 at 30 June 2009.

The Directors believe the Group is in a strong financial position to continue its exploration endeavours.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 8th September 2009 Energy Metals Limited (a company in which Jindalee holds 40% issued capital) announced it has entered into an Implementation Deed with CGNPC Uranium Resources Co. Ltd., a wholly owned subsidiary of China Guangdong Nuclear Power Company ("CGNPC"), under which China Uranium Development Company Limited ("CUD"), also a wholly owned subsidiary of CGNPC, will offer to acquire up to 70% of the outstanding ordinary shares of Energy Metals for \$1.02 cash per share by means of a proportional takeover bid. As a part of the transaction CUD will underwrite a 1:9 rights issue by Energy Metals at \$0.90 per share which Energy Metals intends to implement on completion of the proportional takeover bid. The rights issue seeks to raise approximately \$11.7M.

The Implementation Deed has a number of conditions related to government approvals that are required to be satisfied before the transaction can be completed.

Further information regarding the transaction can be obtained from the Australian Stock Exchange www.asx.com.au and the Company's website www.jindalee.net

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 Group in subsequent financial years not already disclosed in this report.

INFORMATION ON DIRECTORS

Name	Director's Experience	Special Responsibilities
Mr Mark Richard Scott MSc, MCom (Hons)	Mr Scott has an investment banking and corporate finance background. Director for 9 years. Other public company directorships held by Mr Scott over the last three years are: Imagine Un Ltd (formerly Horizon Global Limited) (November 1996 – January 2007)	Non-executive Chairman
Mr Lindsay George Dudfield BSc	Mr Dudfield is a qualified geologist with 29 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 13 years. Other public company directorships held by Mr Dudfield over the last three years are: Energy Metals Limited – current	Managing Director
Ms Patricia Anne Farr GradCertProfAcc MAICD (appointed 29/08/2008)	Ms Farr joined Jindalee Resources in July 2002 and has been closely involved with the growth of the Company. She is an experienced company administrator with over 10 years experience in the mining industry, having previously worked for Resolute Mining Ltd. Ms Farr is currently Company Secretary of Energy Metals Ltd. No other public company directorships are held by Ms Farr.	Non-executive Director

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

	Ordinary Shares	\$0.45 Options Expiring 30/06/11
L G Dudfield	5,461,719	1,000,000
M R Scott	4,704,176	500,000
P A Farr	182,000	-

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2009 the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
M R Scott	6	6
L G Dudfield	6	6
P A Farr	5	5

As at the date of this report, the Group did not have an Audit Committee of the Board of Directors. The Board considers that due to the Group'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 Group's mechanisms designed to ensure independent judgement in decision making.

Retirement, election and continuation in office of directors

Mr Kennedy resigned as non-executive director on 1st September 2008.

Ms Patricia Farr was appointed a non-executive director on 29th August 2008. In accordance with the *Corporations Act 2001* and the Company's constitution, confirmation of Ms Farr's appointment as Non-executive Director was confirmed at the Company's Annual General Meeting on 27th November 2008.

Mr Scott was appointed Chairman of the Company upon the resignation of Mr Kennedy on 1st September 2008.

Ms Farr is the director retiring by rotation who, being eligible, may offer herself for re-election at Annual General Meeting.

COMPANY SECRETARY INFORMATION

Mr Greg Ledger was appointed Company Secretary on 4 April 2002 and has held that position, as well as other accounting and managerial roles since that date. Mr Ledger is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Remuneration Policy

The remuneration policy of the Group has been designed to align director objectives with shareholder and business objectives. The board of Jindalee Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members of the Group is as follows:

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The board reviews executive packages annually by reference to the executives performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$100,000 per annum. Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

Company performance, shareholder wealth and directors and key executives remuneration

The policy setting the terms and conditions for the executive directors and specified executives, was developed and approved by the board and is considered appropriate for the current exploration phase of the Group's development. Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders).

The following table shows the share price and the market capitalisation of the Group at the end of each of the last four financial years. No dividends have been paid during that period.

	2006	2007	2008	2009
Share Price	\$0.59	\$2.00	\$1.00	\$0.38
Market Capitalisation	\$17.56M	\$63.88M	\$31.94M	\$12.46M
Dividends	-	-	-	-

Directors and Executives (Key Management Personnel) Emoluments

The Company's policy for determining the nature and amount of emoluments of key management personnel and senior executives of the Group is that Directors are to be paid consulting fees at commercial rates for professional services performed.

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 table:

		Short-term benefits		Post-employment	Share-based payment	Total	% remuneration consisting of options
Non-Executive Directors		Directors Fees	Cash Salary, Consulting Fees	Super-annuation	Options		%
		\$	\$	\$	\$	\$	
M R Scott	2009	45,000	-	-	-	45,000	-
	2008	-	-	-	-	-	-
D R Kennedy	2009	8,333	-	-	-	8,333	-
	2008	-	9,462	1,253	-	10,715	-
P A Farr	2009	-	83,846	7,546	-	91,392	-
	2008	-	-	-	-	-	-
Executive Directors							
L G Dudfield	2009	-	12,260	-	-	12,260	-
	2008	-	33,340	-	-	33,340	-
Senior Managers							
R G Ledger	2009	-	6,210	-	-	6,210	-
	2008	-	9,240	-	-	9,240	-
S Berridge #	2009	-	-	-	-	-	-
	2008	-	42,308	3,808	-	46,116	-
T Peachey #	2009	-	138,923	12,503	-	151,426	-
	2008	-	34,615	3,115	-	37,730	-

Directors and Executives (Key Management Personnel) Emoluments in controlled Entity Energy Metals Limited

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

		Short-term benefits		Post-employment	Share-based payment	Total	% remuneration consisting of options
Non-Executive Directors		Directors Fees	Cash Salary, Consulting Fees	Super-annuation	Options		%
		\$	\$	\$	\$	\$	
D R Kennedy	2009	6,667	-	-	-	6,667	-
	2008	10,000	33,550	3,919	-	47,469	-
O Aamodt	2009	25,000	-	-	-	25,000	-
	2008	25,000	-	-	-	25,000	-
G M Jones	2009	19,113	-	1,720	-	20,833	-
	2008	-	-	-	-	-	-
Executive Directors							
L G Dudfield	2009	-	166,045	-	-	166,045	-
	2008	-	126,918	-	-	126,918	-

		Short-term benefits		Post-employment	Share-based payment	Total	% remuneration consisting of options
Senior Managers		Directors Fees \$	Cash Salary, Consulting Fees \$	Super-annuation \$	Options \$		%
P A Farr #	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
N Burn	2009	-	153,846	13,846	-	167,692	-
	2008	-	-	-	-	-	-
D L Hughes #	2009	-	-	-	-	-	-
	2008	-	122,214	10,999	-	133,213	-
T Saul #	2009	-	-	-	-	-	-
	2008	-	56,539	5,089	-	61,628	-

denotes the highest paid executives of the Company as required to be disclosed under the *Corporations Act 2001*.

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarised the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Managing Director and other Senior Managers are also formalised in service agreements as summarised below.

M Scott

Mr Scott was appointed a non-executive director on 31st July 2000. Mr Scott receives directors fees of \$45,000 per annum. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Scott is not entitled to termination benefits.

L G Dudfield

Mr Dudfield was appointed a director on 22 January 1996 and is Managing Director. Mr Dudfield is remunerated pursuant to the terms and conditions of a consultancy agreement entered into with Mr Dudfield and Jopan Management Pty Ltd trading as Western Geological Services. Unless extended for a further period, the current agreement will expire in June 2011. The agreement may be terminated by either party on the giving of 90 days notice or earlier in the event of a default not remedied within 14 days.

P A Farr

Ms Farr was appointed a non-executive director on 29th August 2008. Ms Farr does not receive directors fees however is remunerated pursuant to the terms and conditions of her employment contract commenced 22 July 2002 whereby she provides to Jindalee Resources administrative and bookkeeping services. Jindalee makes available the services of Ms Farr to undertake the Company Secretarial services provided to Energy Metals Limited pursuant to an Administrative Services Agreement between Jindalee Resources Limited and Energy Metals Limited. Ms Farr's employment contract may be terminated by either party on the giving of one months notice.

D R Kennedy

During the period ended 30 June 2009 Mr Kennedy's was remunerated as a non-executive director pursuant to a letter of appointment. During the year Mr Kennedy was paid directors fees totalling \$8,333.33. Mr Kennedy resigned on 1 September 2008.

R G Ledger

Mr Ledger is remunerated pursuant to the terms and conditions of a consultancy agreement. Unless extended for a further period, the current agreement will expire in June 2011 and can be terminated by either party on giving of 90 days notice or earlier in the event of a default not remedied within 14 days.

S Berridge

Mr Berridge was employed as Exploration Manager pursuant to the terms and conditions of his employment contract with the Company. Mr Berridge resigned from the position effective 14 March 2008.

T Peachey

Mr Peachey is employed as Exploration Manager pursuant to the terms and conditions of his employment contract dated 31 March 2008 with the Company. The contract may be terminated by either party on the giving of one months notice. Upon termination of the contract for any reason the Company will pay entitlements due to the Employee.

Options granted as part of remuneration

Options over shares in Jindalee Resources Limited are granted under the Employee Share Option Plan. Participation in the plan and any vesting criteria, is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

Share-based compensation

Details of options over ordinary shares in the Company provided as remuneration to each director of Jindalee Resources Limited and senior managers of the Company are set out below. All options are vested on grant date.

Name	Number of options granted during the year		Number of options vested during the year	
	2009	2008	2009	2008
Directors				
M R Scott	-	-	-	-
L G Dudfield	-	-	-	-
P A Farr	-	-	-	-
D R Kennedy	-	-	-	-
Senior Managers				
R G Ledger	-	-	-	-
S J Berridge	-	-	-	-
T Peachey	-	-	-	-

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

Further information on the fair value of share options and assumptions is set out in Note 19 to the financial statements.

Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the *Corporations Act 2001*, the Australian Securities Exchange (ASX) Listing Rules and Company Policy.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

Shares provided on exercise of options

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director and senior manager of the Company are set out below.

	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year		Amount paid per share issued	
		2009	2008	2009	2008
Directors					
M R Scott	30/06/2009	-	-	\$0.30	-
L G Dudfield	30/06/2009	500,000	-	\$0.30	-
P A Farr	30/06/2009	100,000	-	\$0.30	-

All options are vested at grant date. No amounts are unpaid on any shares issued on the exercise of options.

Shares provided on exercise of options in controlled entity Energy Metals Limited

There were no options granted as part of remuneration in controlled entity Energy Metals during the year ended 30 June 2009.

	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year		Amount paid per share issued	
		2009	2008	2009	2008
Directors					
D R Kennedy	-	-	-	-	-
L G Dudfield	-	-	-	-	-
Senior Managers					
P Farr	-	-	-	-	-
T Saul	23/07/2008	-	20,000	-	\$3.00

For details on the valuation of the options, including models and assumptions used, please refer to Note 19. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. All options issued are fully vested at grant date.

End of Remuneration Report

SHARES UNDER OPTION

There were no options granted during the year ended 30 June 2009.

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

<u>Grant Date</u>	<u>Number</u>	<u>Date vested & exercisable</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Value per option at grant date</u>
08/12/2006	2,000,000	08/12/2006	30 June 2011	\$0.45	\$0.05

Shares Issued on Exercise of Options

There were 850,000 shares issued on exercise of options during the year and up to the date of this report.

The details of options on issue by Controlled Entity Energy Metals Limited are as follows:

There were no options granted during the year ended 30 June 2009.

The details of unlisted share options on issue at the date of this report are as follows:

<u>Grant Date</u>	<u>Number</u>	<u>Date vested & exercisable</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Value per option at grant date</u>
06/12/2005	3,750,000	06/12/2005	30/06/2010	\$0.10	\$0.27
05/01/2007	450,000	05/01/2007	30/06/2011	\$0.98	\$0.84

There were no shares issued on exercise of options during the year and up to the date of this report. No amounts are unpaid on any of the shares.

Unlisted Options cancelled

<u>Date options granted</u>	<u>Date options cancelled</u>	<u>Exercise price of options</u>	<u>Number of options cancelled</u>
22 December 2006	25 March 2008	\$0.65	600,000

DIRECTORS AND OFFICERS INSURANCE

Jindalee Resources Limited paid a premium during year in respect of a directors' and officers liability insurance policy, insuring the directors and officers of the company against a liability incurred whilst acting in the capacity of a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy as such disclosure is prohibited under the terms of the contract of insurance.

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*.

ENVIRONMENTAL REGULATION

The Group 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 relevant government agencies, 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 Group is not aware of any breach of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is included on page 49 of this report.

NON-AUDIT SERVICES

The external auditor did not perform any non-audit services during the year ended 30 June 2009.

This report which includes the accompanying Corporate Governance Statement is signed in accordance with a resolution of the Directors.

29th day of September 2009 at Perth, Western Australia.



L G DUDFIELD
Managing Director.

Corporate Governance Statement For the year ended 30 June 2009

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 Board believes that high standards of corporate governance are an essential prerequisite for creating sustainable value for shareholders. This statement summarises the Company's main corporate governance policies and practices in place throughout the reporting period ended 30 June 2009. The policies and practices 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 Company's most significant governance policies are available on the Company's website www.jindalee.net

Principal 1: Lay solid foundations for management and oversight

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 is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies.

The appointment of non-executive directors are formalized in accordance with the requirements of the *Corporations Act 2001* and the Company's constitution.

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarised the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Managing Director and other Senior Managers are formalised in service agreements which are summarised in the Directors Report.

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

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Special Expertise</u>
Mark Richard Scott	62	Non-Executive Director	Company Management
Lindsay George Dudfield	52	Managing Director	Resource Industry
Patricia Anne Farr	37	Non-Executive Director	Company Management

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

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

The Company's Chairman is responsible for leadership and governance of the board and ensuring its efficient organization and conduct.

At every Annual General Meeting one third of the Directors must retire and sit for re-election.

The other senior executive of the Company is the Company Secretary whose responsibilities include ensuring the Board received regular financial information and reports, preparation of statutory financial statements, corresponding with corporate regulators the Australian Securities Exchange and Australian Securities & Investments Commission and maintaining details of the Company's banking arrangements and funds on hand.

The board reviews the performance of senior executives whose performance is assessed against their performance in their respective roles and responsibilities. The reviews are done at least annually and more often when deemed necessary. The senior executives were reviewed during the 2009 financial year in accordance with this procedure.

The only publicly available copy of matters reserved for the board and senior executives is the Corporate Governance Statement in the annual report

Principle 2: Structure the Board to add value

The Corporate Governance Council recommends that a majority of the Board should be independent directors. The guidelines define independence as not being a member of management and 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 their independent judgement to act in the best interests of Jindalee Resources.

In the first quarter of 2008 changes were made to the composition of the board upon the retirement of Mr Ross Kennedy and the appointment of Ms Farr as non-executive director on 29/08/2008. Details pertaining to each directors' skills, experience, qualification and attendances at meetings are included in the Director's Report.

In considering the Corporate Governance Councils definition of independence the Company has not complied with the recommendation that a majority of directors be independent (bearing in mind that in determining independence the Company is required to take into account reasonable perceptions as well as actual facts and circumstances) by virtue of their substantial shareholdings in the Company, their employment status or because they are on the Board of a company or an officer of a company in which Jindalee Resources Limited is a substantial shareholder.

It is considered that in the present circumstances of the Company the board is of a sufficient size and comprises person with appropriate qualifications and experience to govern the Company and that the costs involved in appointing additional non-executive directors in order to comply with the recommendation would outweigh the benefit of making such appointments. The board will consider the appointment of further directors where required by law, if an outstanding candidate is identified or if it is considered that additional expertise is required in specific areas as the Company develops.

The Board however does meet the recommendation that the chair is an independent director who does not hold the position of chief executive officer.

The ASX Guidelines recommends listed entities establish a nomination committee. During the year ended 30 June 2009, 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 and the Company's current stage of development, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee. When a new director appointment is to be made the remaining board members seek a candidate that has relevant industry experience, is willing to serve on the board and following appointment that director stands for re-election by shareholders at the next annual general meeting. The only publicly available policy for the nomination and appointment for directors is the corporate governance statement in the annual report

Due to the nature of the Company's activities and small size of the company there is currently no internal formal process for performance evaluation of the Board, however, shareholders are able to assess the performance of the board by the way they govern and manage the company and vote for or against their re-appointment at the annual general meeting.

The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of this report.

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.

Principle 3: Promote ethical and responsible decision-making

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

The Company is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and market integrity. The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

The company has not adopted the so called "whistleblower" recommendations as it is considered unnecessary at this stage of the Company's development.

A copy of the Company's Code of Conduct, Environmental and Share Trading policy is available on the Company's website.

Principle 4: Safeguard Integrity in Financial Reporting

The ASX Guidelines recommend listed entities establish an audit committee. During the year ended 30 June 2009 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. The Board as a whole meets with the company auditor prior to the final sign-off of the half yearly and final annual accounts

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

- 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;
- 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; and
- reviewing and approving corporate governance systems.

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. The Managing Director and Company Secretary are required to periodically state in writing to the Board that the Company's financial report presents a true and fair view of the Company's financial condition and that results are reported in accordance with relevant accounting standards.

External auditor

The company's policy is to appoint external auditors who clearly demonstrate quality and independence. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.

The auditor is required 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, in accordance with section 250T of the *Corporations Act 2001*.

Principle 5: Make Timely and balanced disclosure

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and *Corporations Act 2001*. The Company is required to disclose to the 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.

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

Presentations that are made to analysts or investors are posted on the Company's website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is made.

A copy of the Company's continuous disclosure policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

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 Board of Jindalee Resources Limited has adopted a policy to promote effective communication with shareholders. A copy of the policy is available from the Company's website.

Principle 7: Recognise and Manage Risk

Taking and managing risk are central to business and building shareholder value. The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment, identify potential opportunities & risk areas therein; and
- monitor systems established to ensure prompt and appropriate responses to shareholders complaints and enquiries.

The Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed. The Board has established a Risk Management Team ("RMT") which comprises the Managing Director and Company Secretary and any other senior executives the RMT consider appropriate to oversee the daily management of risk and make recommendations to the Board on risk management matters. The RMT is not a committee of the Board and the Board acknowledges that it is ultimately responsible for the implementation of any policies, actions or decisions made by the RMT.

The Managing Director and Company Secretary are required to periodically report to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material aspects.

The Board also receives a declaration pursuant to s295A of the Corporations Act from the Chief Executive Officer (Managing Director) prior to the approval of financial statements.

A copy of the policy is available from the Company's website.

Principle 8: Remunerate fairly and responsibly

The Company does not have a formal remuneration policy and has not established a separate remuneration committee. Due to the early state of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Remuneration is currently in accordance with the general principles recommended by the ASX, that is, non-executive directors receive a fixed fee for their services and do not receive performance based remuneration. Fees for non-executive directors are not linked to the performance of the Company.

Non-executive directors' remuneration may also include an incentive portion consisting of options to subscribe for shares, subject to approval by Shareholders. The Company has not complied with the ASX Guideline in this regard but considers the nature and quantum of remuneration of its non-executive directors to be appropriate and reasonable for a Company of its size and the granting of options is a useful tool for attracting and retaining quality directors without diminishing the Company's cash resources.

All executives receive either consulting fees or a salary, part of which maybe taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The board reviews executive packages annually by reference to the executives performance and comparable information from industry sectors and other listed companies in similar industries.

There are no schemes for retirement benefits for non-executive directors. The Company is required to disclose in its annual report details of Directors remuneration. A detailed explanation of the basis and quantum of Directors' remuneration is set out in the Directors' Report.

JINDALEE RESOURCES LIMITED
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue from continuing operations	4(a)	1,231,292	1,357,705	257,458	439,924
Other Income	4(b)	77,024	462,074	52,870	377,168
Employee benefits expense		(410,810)	(637,651)	(264,969)	(264,134)
Depreciation expense		(76,507)	(70,798)	(5,776)	(5,524)
Exploration expenditure written off		(250,608)	(2,743)	(237,455)	(2,743)
Impairment of available for sale financial assets		(528,824)	-	(528,824)	-
Tenancy and operating expenses		(70,721)	(116,820)	(70,721)	(116,820)
Net loss on disposal of exploration tenement		-	(82,899)	-	(82,899)
Other administration expenses		(601,110)	(696,534)	(97,071)	(105,423)
Corporate and regulatory expenses		(251,731)	(329,350)	(70,115)	(83,537)
(Loss)/profit before income tax		(881,995)	(117,016)	(964,603)	156,012
Income tax expense	5	-	-	-	-
(Loss)/profit for the year		(881,995)	(117,016)	(964,603)	156,012
Profit/(loss) attributable to minority interest		49,969	(158,182)	-	-
Profit/(loss) attributable to Members of Jindalee Resources Limited		<u>(931,964)</u>	<u>41,166</u>	<u>(964,603)</u>	<u>156,012</u>
Earnings per share for loss attributable to the ordinary equity holders of the Company					
Basic earnings/(loss) per share (cents per share)	7	(2.9)	0.13		
Diluted earnings/(loss) per share (cents per share)	7	(2.9)	0.12		

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

JINDALEE RESOURCES LIMITED
BALANCE SHEETS
AS AT 30 JUNE 2009

		Consolidated		Company	
	Note	2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	9	5,931,179	6,327,360	870,807	998,084
Trade and other receivables	10	217,617	2,144,848	28,609	19,245
Total Current Assets		6,148,796	8,472,208	899,416	1,017,329
NON-CURRENT ASSETS					
Receivables	10	-	-	13,648	13,029
Available for sale financial assets	11	2,249,698	1,444,265	2,185,498	1,329,065
Property, plant and equipment	12	390,812	428,500	25,515	22,326
Exploration and evaluation expenditure	13	11,358,036	8,621,943	441,955	521,433
Investments in subsidiaries	24	-	-	4,014,581	4,014,581
Total Non-Current Assets		13,998,546	10,494,708	6,681,197	5,900,434
TOTAL ASSETS		20,147,342	18,966,916	7,580,613	6,917,763
CURRENT LIABILITIES					
Trade and other payables	14	35,002	94,517	852	12,925
Provision for annual leave		17,031	-	17,031	-
Total Current Liabilities		52,033	94,517	17,883	12,925
NON-CURRENT LIABILITIES					
Bond		-	10,000	-	10,000
TOTAL LIABILITIES		52,033	104,517	17,883	22,925
NET ASSETS		20,095,309	18,862,399	7,562,730	6,894,838
EQUITY					
Contributed equity	15	6,307,254	6,052,253	6,307,254	6,052,253
Accumulated losses	16	(3,551,504)	(2,619,540)	(2,150,699)	(1,186,096)
Minority interests	17	9,902,420	9,533,779	-	-
Reserves	18	7,437,139	5,895,907	3,406,175	2,028,681
TOTAL EQUITY		20,095,309	18,862,399	7,562,730	6,894,838

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

JINDALEE RESOURCES LIMITED
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Company	
	Note	2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts in the course of operations		1,100,829	1,282,716	224,506	242,146
Payments in the course of operations		(1,208,019)	(2,525,611)	(499,390)	(563,699)
Interest received		367,268	475,904	24,440	208,538
Joint venture costs		(245,532)	(390,155)	-	-
Net cash inflow/(outflow) from operating activities	6	14,546	(1,157,146)	(250,444)	(113,015)
Cash flows from investing activities					
Payments for exploration and evaluation		(2,983,550)	(4,066,484)	(167,977)	(89,436)
Payments for property, plant and equipment		(38,819)	(228,939)	(8,965)	-
Receipt from sale of equity investments		53,679	-	53,679	-
Payments for equity investments		(8,571)	(106,999)	(8,571)	(100,187)
Payment for investment in subsidiary		-	-	-	(3,596,688)
Net cash outflow from investing activities		(2,977,261)	(4,402,422)	(131,834)	(3,786,311)
Cash flows from financing activities					
Proceeds from issue of shares and options		2,566,534	4,668,028	255,001	-
Net cash inflow (outflow) from financing activities		2,566,534	4,668,028	255,001	(6,812)
Net increase / (decrease) in cash and cash equivalent		(396,181)	(891,540)	(127,277)	(3,906,138)
Cash and cash equivalents at the beginning of the financial year		6,327,360	7,218,900	998,084	4,904,222
Cash and cash equivalents at the end of the financial year	9	5,931,179	6,327,360	870,807	998,084

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

JINDALEE RESOURCES LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Company	
	Note	2009	2008	2009	2008
		\$	\$	\$	\$
Total equity at the beginning of the year		18,862,399	14,086,724	6,894,838	6,383,365
Revaluation of investments	18	1,326,492	224,664	1,377,494	355,461
Net income recognised directly in equity	18	1,326,492	224,664	1,377,494	355,461
(Loss)/profit for the year		(931,964)	41,166	(964,603)	156,012
Total recognised income and expense for the year		394,528	265,830	412,891	511,473
Transactions with equity holders in their capacity as equity holders					
Contributions of equity net of transaction costs	15	255,001	-	255,001	-
(Gain)/loss on increase of investment in subsidiary	18	214,740	(72,431)	-	-
Total transactions with equity holders in their capacity as equity holders		469,741	(72,431)	255,001	-
Contribution by minority interest in subsidiary	17	368,641	4,582,276	-	-
Total equity at the end of the year		20,095,309	18,862,399	7,562,730	6,894,838
Total recognised income and expense for the year is attributable to:					
Members of Jindalee Resources Ltd		(931,964)	41,166	(964,604)	156,012
Minority Interests		49,969	(158,182)	-	-
		(881,995)	(117,016)	(964,604)	156,012

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

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. CORPORATION INFORMATION

The financial report of Jindalee Resources Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 29th September 2009.

The financial report covers the Group of Jindalee Resources Ltd and controlled entities, and Jindalee Resources Ltd as an individual parent entity. Jindalee Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in Note 3.

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

2. SUMMARY OF SIGNIFICANT 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) Statement of Compliance

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of applicable Accounting Standards including Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of its controlled entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS").

The financial report is presented in the Australian currency.

(b) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

- (I) *AASB 8 Operating Segments and AASB 2007-33 Amendments to Australian Accounting Standards arising from AASB 8.* AASB 8 and AASB 2007-3 are effective for annual reporting period commencing on or after 1 January 2009. AASB 8 will result in a significant change to the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company has not yet decided when to adopt AASB 8. Adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this state it is not expected to affect any of the amounts recognised in the financial statements.

- (II) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting period beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Company intends to apply the revised standard from 1 July 2009.

(III) *Revised AASB 3 Business Combinations*

The revised AASB is applicable to the annual reporting periods commencing on or after 1 January 2009. The standard introduces more detailed guidance on accounting for acquisitions. Adoption of the standard will affect amounts recognised in the financial statements of the Group in the circumstances applied. The nature of some of the changes in the revised standard may in future periods negatively impact business combinations the Group undertakes. The effect and nature of the impact is not considered material.

(IV) *Revised AASB 2 Share Based Payments*

AASB 2008-1 (issued February 2008) Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations. The definition of *vesting conditions* has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a ‘true up’ of the share-based payment expense and are treated in a manner similar to market conditions. The impacts are not quantifiable at this stage.

(V) *AASB 127 Consolidation*

As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

(c) *Basis of Preparation/Accounting.*

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.

In applying AIFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied throughout the period.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ended 30 June 2009 and the comparative information.

(d) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of Jindalee Resources Limited and all of its controlled entities. A controlled entity exists where Jindalee Resources Ltd has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Jindalee Resources Ltd to achieve the objectives of Jindalee Resources Ltd. A list of controlled entities is contained in Note 24 to the financial statements.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(e) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, and deposits repayable on demand with a financial institution. The cash and cash equivalents balance primarily consists of funds on term deposit with original maturity at time of purchase of three months or less that are readily convertible to known amounts of cash and which are subject to minimal risk of changes in value.

(f) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit in respect of environmental bonds is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for doubtful debts) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognized in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognized becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(g) 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.

Revenue in relation to joint venture agreements is recognised over the period the services are rendered. Revenue from the sale of investments is recorded when all risks and rewards relating to the assets are posted to the third party.

(h) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(i) Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is

JINDALEE RESOURCES LIMITED
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determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Exploration and Evaluation Expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is 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 and evaluation costs.
- ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
 - such evaluation 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 evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(k) Interest in a jointly controlled operation

The Group has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint controlled operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(l) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future

JINDALEE RESOURCES LIMITED
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FOR THE YEAR ENDED 30 JUNE 2009

payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(m) Employee Entitlements

The Company's liability for employee entitlements arising from services rendered by employees to balance date are recognised in other payables. 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.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) Share Based Payment Transactions

Share based payments

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

The Group provides benefits to employees (including directors) of the company in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using a black-scholes model.

(o) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(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 period.

(p) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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(r) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure

The Group's accounting policy is stated at 1(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

(s) Investment and other financial assets

Financial Instruments

The Company has exposure to interest rate risk which is the risk that the Company's financial position will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Company has no monetary foreign currency assets or liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Available for sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

Details on how the fair value of financial instruments is determined is disclosed in Note 20.

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Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are recognised in equity.

(t) Provisions

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(u) Comparatives

Comparatives have been adjusted where necessary to ensure comparability with the 2008 accounts.

(v) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

3. SEGMENT INFORMATION

The Group's primary reporting format is business segments and its secondary reporting format is geographical segments.

Business Segment

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

Geographical Segments

During the financial year the Group operated within Australia only, specifically New South Wales, the Northern Territory and Western Australia.

JINDALEE RESOURCES LIMITED
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4. REVENUES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) From continuing operations				
Joint venture agreement fees	631,006	650,415	-	-
Interest	367,268	475,904	24,440	208,538
Other revenue	233,018	231,386	233,018	231,386
	<u>1,231,292</u>	<u>1,357,705</u>	<u>257,458</u>	<u>439,924</u>
(b) Other				
Capital gain on sale of listed shares	52,870	-	52,870	-
Tenement sale and sundry income	-	342,469	-	342,469
Other	24,154	119,605	-	34,699
	<u>77,024</u>	<u>462,074</u>	<u>52,870</u>	<u>377,168</u>

5. TAXATION

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:				
Profit/(Loss) before income tax	(881,995)	(117,016)	(964,603)	156,012
Income tax expense (benefit) @ 30%	<u>(264,598)</u>	<u>(35,104)</u>	<u>(289,381)</u>	<u>46,804</u>
Tax effect of amounts which are not deductible in calculating taxable income:				
Impairment of available for sale financial assets	158,647	-	158,647	-
Tax losses utilised	-	-	-	(46,804)
Deferred tax assets relating to tax losses not recognised	105,951	35,104	130,734	-
Total income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The franking account balance at year end was \$nil (2008: \$nil).

Deferred tax assets and liabilities not recognised in this period relate to the following:

Deferred tax assets	105,951	35,104	130,734	-
Net deferred tax assets	<u>105,951</u>	<u>35,104</u>	<u>130,734</u>	<u>-</u>

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The use of losses is dependent on the Company satisfying the required criteria within the Income Tax Assessment Act 1936 & 1997 at the time the losses are incurred and used. The provisions of the Acts may change or the ownership of the Company may vary resulting in losses being lost in the future

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

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Profit/(Loss) after income tax	(881,995)	(117,016)	(964,603)	156,012
Exploration expenditure written off	250,608	2,743	237,455	2,743
Depreciation	76,507	70,798	5,776	5,524
Impairment of available for sale financial assets	528,824	-	528,824	-
Gain on sale of available for sale financial asset transferred to investing activities	(52,870)	-	(52,870)	-
Net loss/(gain) on sale of tenements	-	(284,269)	-	(284,269)
Change in operating assets and liabilities during the financial year:				
(Increase)/decrease in trade and other receivables	126,573	(642,577)	(8,513)	760
Increase/(decrease) in trade and other payables	(42,454)	(186,825)	3,487	6,215
Increase/(decrease) in provisions	9,353		-	
Net cash inflow/(outflow) from operating activities	14,546	(1,157,146)	(250,444)	(113,015)

7. EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2009	2008
	\$	\$
Profit/(loss) used in calculation of basic and diluted earnings/(loss) per share	(931,973)	41,166
Basic earnings/(loss) per share (cents per share)	(2.9)	0.13
Diluted earnings/(loss) per share (cents per share)	(2.9)	0.12
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share and diluted earnings/(loss) per share.	32,443,734	31,944,775
Adjustments for calculation of diluted earnings/(loss) per share:		
Options	-	3,150,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	32,443,734	35,094,775

Options on issue are not considered to be dilutive as their impact would be to decrease the loss per share.

8. DIVIDENDS

There were no dividends paid or declared by the Company during the year.

JINDALEE RESOURCES LIMITED
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FOR THE YEAR ENDED 30 JUNE 2009

9. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Term deposits	3,642,120	3,056,619	-	-
Cash at bank	1,951,094	2,848,509	870,807	998,084
Share of joint venture cash	337,965	422,232	-	-
	5,931,179	6,327,360	870,807	998,084

Cash includes \$50,000 deposited as a guarantee. The Company's exposure to interest rate risk is disclosed in Note 20.

10. TRADE AND OTHER RECEIVABLES

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current					
Trade & other receivables*		214,671	2,144,848	28,609	19,925
Share of joint venture receivables		2,946	-	-	-
		217,617	2,144,848	28,609	19,245
Non-current					
Loan to controlled entities	25	-	-	13,648	13,029

*Other receivables of \$nil (2008: \$1,778,120) relate to options that were exercised in the controlled entity on 30 June 2008.

Trade and other receivables are denominated in Australian dollars and are interest free with settlement terms of between 7 and 30 days.

Due to the short-term nature of these receivables their carrying value is assumed to be their fair value. Please refer to Note 20 for information on credit risk.

11. NON-CURRENT- AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Shares in listed corporations	2,249,698	1,444,265	2,185,498	1,329,065

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

At 30 June 2009 the market value of the Company's shareholding in controlled entity Energy Metals Limited was \$24,099,051 (refer to note 24).

Refer to Note 20 for information on Company's exposure to price risk.

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

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Plant and equipment - at cost	568,010	529,191	72,129	63,164
Less: accumulated depreciation	(208,905)	(136,386)	(46,614)	(40,838)
	359,105	392,805	25,515	22,326
Motor vehicle at cost	50,727	50,727	-	-
Less: accumulated depreciation	(19,020)	(15,032)	-	-
	31,707	35,695	-	-
Reconciliation of the carrying amount of motor vehicles:				
Carrying amount at 1 July 2008	35,695	43,784	-	-
Additions	-	-	-	-
Less depreciation expenses for year	(3,988)	(8,089)	-	-
Carrying amount at 30 June 2009	31,707	35,695	-	-
Reconciliation of the carrying amount of property, plant and equipment:				
Carrying amount at 1 July 2008	392,805	226,575	22,326	31,676
Additions	38,819	243,679	8,965	2,825
Disposals	-	(6,651)	-	(6,651)
Less depreciation expense for year	(72,519)	(70,798)	(5,776)	(5,524)
Carrying amount at 30 June 2009	359,105	392,805	25,515	22,326
Total property, plant and equipment	390,812	428,500	25,515	22,326

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Balance at beginning of year	8,621,943	4,548,124	521,433	420,915
Exploration expenditure incurred	2,986,701	4,076,562	157,977	103,261
Exploration expenditure written off	(250,608)	(2,743)	(237,455)	(2,743)
Balance at the end of the year	11,358,036	8,621,943	441,955	521,433

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.

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14. NON-CURRENT ASSETS – TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade payables and employee entitlements	35,002	94,517	852	12,925

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

15. CONTRIBUTED EQUITY

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Share capital				
32,794,775 (2008: 31,944,775) ordinary shares, fully paid	6,307,254	6,052,253	6,307,254	6,052,253
(a) Movements in ordinary share capital				
Balance at the beginning of the year	6,052,253	6,052,253	6,052,253	6,052,253
Conversion of options	255,001	-	255,001	-
Balance at the end of year	6,307,254	6,052,253	6,307,254	6,052,253

Ordinary shares participate in dividends. On winding up of the company any proceeds would be distributed in proportion to the number of the shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

16. ACCUMULATED LOSSES

	Consolidated		Company	
	2009	2008	2009	2008
Accumulated (losses) at the beginning of the financial year	(2,619,540)	(2,660,706)	(1,186,096)	(1,342,108)
Profit/(loss) attributable to members of the Group	(931,964)	41,166	(964,603)	156,012
Accumulated (losses) at the end of the financial year	(3,551,504)	(2,619,540)	(2,150,699)	(1,186,096)

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17. MINORITY INTEREST

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest in:				
Share Capital	10,421,893	10,103,221	-	-
Reserves	1,519,195	1,519,195	-	-
(Accumulated losses)	(2,038,668)	(2,088,637)	-	-
	<u>9,902,420</u>	<u>9,533,779</u>	<u>-</u>	<u>-</u>

18. RESERVES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Share-based payment reserve				
Balance at the beginning of the year	2,910,186	2,910,186	1,589,600	1,589,600
Share-based payments	-	-	-	-
Balance at the end of the year	<u>2,910,186</u>	<u>2,910,186</u>	<u>1,589,600</u>	<u>1,589,600</u>
Available for sale investments revaluations reserve				
Balance at the beginning of year	548,284	323,620	439,081	83,620
Reversal due to sale of investment	(9,540)	-	(9,540)	-
Revaluation	1,336,032	224,664	1,387,034	355,461
Balance at the end of the year	<u>1,874,776</u>	<u>548,284</u>	<u>1,816,575</u>	<u>439,081</u>
Investments using the entity method of accounting for dilution gains reserves				
Opening balance	2,437,437	2,509,868	-	-
Current year (gain)/dilution	214,740	(72,431)	-	-
Closing balance	<u>2,652,177</u>	<u>2,437,437</u>	<u>-</u>	<u>-</u>
Total reserves	<u><u>7,437,139</u></u>	<u><u>5,895,907</u></u>	<u><u>3,406,175</u></u>	<u><u>2,028,681</u></u>

Nature and purpose of the reserves:

- (i) The share-based payments reserve is used to recognise the fair value of options issued but not exercised.
- (ii) The available for sale investment revaluation reserve is used to recognise the change in fair value.
- (iii) The reserve for accounting for the dilution in investments is in accordance with AASB 127 para 5 which prescribes that any gain or loss on the issue of new share capital by the subsidiary should be recognised directly in equity.

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19. SHARE BASED PAYMENT TRANSACTIONS

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions. The expense in the year was nil. (2008: \$Nil).

Employee Share Option Plan

Jindalee Resources Limited Employee Share Option Plan (“ESOP”) was established to encourage all eligible directors, executive officers and employees who have been continuously employed by the Company 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.

The ESOP allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the rules of the ESOP. All options on issue are fully vested at grant date.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity - 2008								
24/11/2004	30/06/2008	\$0.30	1,150,000	-	(850,000)	300,000	-	-
08/12/2006	30/06/2011	\$0.45	2,000,000	-	-	-	2,000,000	2,000,000
22/12/2006	30/06/2011	\$1.00	165,000	-	(165,000)	-	-	-
22/12/2006	30/06/2011	\$2.00	200,000	-	-	600,000*	-	-
05/01/2007	30/06/2011	\$0.98	330,000	-	(20,000)	-	990,000*	990,000*
Weighted average exercise price			-	-	\$0.997	-	-	-
Consolidated and parent entity - 2009								
08/12/2006	30/06/2011	\$0.45	2,000,000	-	-	-	2,000,000	2,000,000
05/01/2007	30/06/2011	\$0.98	990,000	-	(540,000)	-	450,000	450,000
Weighted average exercise price			-	-	\$0.98	-	-	-

* Following a reorganisation of capital (share split) by the controlled entity, all options were adjusted in accordance with the Listing Rules of the Australian Securities Exchange.

Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted to directors is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.45
Expected Life	4.75 years
Share Price at Time of Issue	\$1.09
Expected Volatility	72.00%
Dividend Yield	0%
Risk Free Interest Rate	6.27%
Option Value	0.7948 cents

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Fair Value of share options and assumptions of controlled entity Energy Metals Limited

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

Exercise Price	\$1.00	\$2.00	\$0.98*
Expected Life	4.49 years	4.49 years	4.49 years
Share Price at time of issue	\$3.60	\$3.60	\$3.95
Expected volatility	70%	70%	68%
Dividend yield	0%	0%	0%
Risk free interest rate	5.75%	5.75%	6.27%
Option value	\$2.989	\$2.592	\$2.5227

*These assumptions are as per the original valuation pre-share split.

20. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Group consists of cash and cash equivalents (Note 9) and equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings (accumulated losses) as disclosed in Notes 15, 16, 17 and 18 respectively.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial statements.

(c) Categories of Financial Instruments

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
<i>Current</i>				
Cash and cash equivalents	5,931,179	6,327,360	870,807	998,084
Trade and other receivables	217,617	2,144,848	28,609	19,245
Total Current Financial Assets	6,148,796	8,472,208	899,416	1,017,329
<i>Non-current</i>				
Receivables	-	-	13,648	13,029
Available for sale financial assets	2,249,698	1,444,265	2,185,498	1,329,065
Other financial assets	-	-	4,009,331	4,014,581
Total Non-Current Financial Assets	2,249,698	1,444,265	6,208,477	5,356,675
Financial Liabilities				
<i>Current</i>				
Trade and other payables	35,002	94,517	852	12,925
Total Current Financial Liabilities	35,002	94,517	852	12,925

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(d) Credit Risk Exposure

As at the reporting date, the Company has no significant concentrations of credit risk other than cash disclosed below. The carrying amount reflected above represents the Company's maximum exposure to credit risk.

(e) Interest Rate Risk Exposure

The Group's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings was 5.61% at 30 June 2009. All other financial assets and liabilities are non interest bearing. The net fair value of the Company's financial assets and liabilities approximates their carrying value.

The Group invests its surplus funds with Australian banking financial institutions, namely Bankwest, National Australia Bank, Adelaide Bank Ltd and Bank of Queensland. The National Australia Bank and Bankwest has an A1+ rating with Standard & Poors and Adelaide Bank and Bank of Queensland has an A2- rating. The Company has been advised that neither institution has any exposure to the US sub-prime market.

The interest rate risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(f) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available for sale. The maximum negative impact to the income statement is \$895,987 and the maximum negative impact to the equity is \$1,329,065. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The table below summarises the impact of an increase/decrease in prices of securities held at year end on the Group's and the Company's post-tax loss for the year and on equity. The analysis is based on the assumption that the prices of all securities increased/decreased by 10% with all other variables held constant.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Impact on equity				
Increase of 10%	224,970	144,427	218,550	132,907
Decrease of -10%	(224,970)	(144,427)	(218,550)	(132,907)

Equity would decrease/increase as a result of gains/losses on equity securities classifies as available for sale.

(g) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner.

The Board reviews the Company's liquidity position on a regular basis including cash flow statements to determine the forecast liquidity position and maintain appropriate liquidity levels. Note 14 details the Company's current obligations.

There are no unused borrowing facilities from any financial institution.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(h) Fair Values

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

Consolidated	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
<i>Current</i>				
Cash and cash equivalents	5,931,179	6,327,360	870,807	998,084
Trade and other receivables	217,617	2,144,847	28,610	19,245
Available for sale financial assets	789,410	1,444,265	710,810	1,329,065
	<u>6,938,206</u>	<u>9,916,472</u>	<u>1,610,227</u>	<u>2,346,394</u>
Financial Liabilities				
<i>Current</i>				
Trade and other payables	35,002	94,517	852	12,925
Total Current Liabilities	<u>35,002</u>	<u>94,517</u>	<u>852</u>	<u>12,925</u>

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/payables

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Available for sale financial assets

The current bid price as at 30 June 2009 is used to determine the carrying value of the available for sale financial assets and any movement is taken to the reserve. An impairment loss of available for sale financial assets is taken to the income statement.

(i) Capital

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders. In order to achieve this object, the Company seeks to maintain a capital structure that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or sourcing of debt, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Company's capital management objectives, policies and processes in the year nor has there been any change in what the Company considers to be its capital.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

21. CONTINGENCIES

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.

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 Industry & Resources. These consist of unconditional performance bonds, securities or Form 32 security documents with a total potential liability of \$35,000.

22. COMMITMENTS

Consolidated		Company	
2009	2008	2009	2008
\$	\$	\$	\$
Tenement Expenditure Commitments:			
The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2008/2009. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations. Estimated expenditure on mining, exploration and prospecting leases for 2009/2010.			
829,300	459,000	153,800	283,000

Capital Commitments

There are no capital expenditure commitments for the Group as at 30 June 2009.

Contractual Commitment

As at 30 June 2009 the Company has a contractual lease agreement for its registered offices. The amount contracted for but not included as a liability as at 30 June 2009 was \$118,719 which will be paid over the period to 30 June 2010.

23. KEY MANAGEMENT PERSONNEL

(a) Details of Directors (Management Personnel)

(i) Directors

The following persons were directors of Jindalee Resources Limited during the financial year:

Mr L Dudfield	-	Managing Director
Mr M Scott	-	Non-Executive Chairman
Ms P Farr	-	Non-Executive Director (appointed 29/08/2008)
Mr D R Kennedy	-	Non-Executive Director (resigned 01/09/2008)

For the purposes of this report Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company. There were no other key management personnel other than directors during the year ended 30 June 2009.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(b) Key Management Personnel Compensation

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits - directors	366,264	213,270	149,439	42,802
Post-employment benefits	21,769	3,919	20,049	1,253
Share-based payments - directors	-	-	-	-
	388,033	217,189	169,488	44,055

(c) Equity Instrument Disclosures Relating to Key Management Personnel

(i) Options provided as remuneration and shares issued on any exercise of such options

Details of options provided as remuneration and shares issued on any exercise of such options to Directors, together with terms and conditions can be found within the Directors' Report in the Remuneration Report.

(ii) Share and option holdings

The number of shares and options over ordinary shares in the Group held during the financial year by each Director of Jindalee Resources Limited and any other key management personnel of the Group, including their personally related parties, are set out below:

SHAREHOLDINGS AND OPTION HOLDINGS

Aggregate numbers of shares and options of the Group held directly, indirectly or beneficially by Directors of the Group at the date of this report:

2009	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Name				
Mr D R Kennedy (resigned 01/09/2008)				
Ordinary fully paid shares	60,000*	-	(60,000)	-
Unlisted Options (ASX Code JRLAM)	250,000*	-	(250,000)	-
Unlisted Options (ASX Code JRLAO)	500,000*	-	(500,000)	-
Mr L G Dudfield				
Ordinary fully paid shares	4,791,719	500,000	-	5,461,719
Unlisted Options (ASX Code JRLAM)	500,000	(500,000)	-	-
Unlisted Options (ASX Code JRLAO)	1,000,000	-	-	1,000,000
Mr M R Scott				
Ordinary fully paid shares	4,704,176	-	-	4,704,176
Unlisted Options (ASX Code JRLAM)	250,000	-	-	-
Unlisted Options (ASX Code JRLAO)	500,000	-	-	500,000
Ms P A Farr (appointed 29/08/2008)				
Ordinary fully paid shares	82,000	100,000	-	182,000
Unlisted Options (ASX Code JRLAM)	100,000	(100,000)	-	-
Unlisted Options (ASX Code JRLAO)	-	-	-	-

*Balance upon resignation.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2008	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Name				
Mr D R Kennedy (resigned 01/09/2008)				
Ordinary fully paid shares	60,000	-	-	60,000
Unlisted Options (ASX Code JRLAM)	250,000	-	-	250,000
Unlisted Options (ASX Code JRLAO)	500,000	-	-	500,000
Mr L G Dudfield				
Ordinary fully paid shares	4,751,719	-	40,000	4,791,719
Unlisted Options (ASX Code JRLAM)	500,000	-	-	500,000
Unlisted Options (ASX Code JRLAO)	1,000,000	-	-	1,000,000
Mr M R Scott				
Ordinary fully paid shares	4,598,778	-	105,398	4,704,176
Unlisted Options (ASX Code JRLAM)	250,000	-	-	250,000
Unlisted Options (ASX Code JRLAO)	500,000	-	-	500,000
Ms P A Farr (appointed 29/08/2008)				
Ordinary fully paid shares	82,000	-	-	82,000
Unlisted Options (ASX Code JRLAM)	100,000	-	-	100,000
Unlisted Options (ASX Code JRLAO)	-	-	-	-

(d) Other Transactions with Key Management Personnel

i) During the year the Company paid a total of \$12,260 to Western Geological Services (a division of Jopan Management Pty Ltd). The fees being for the provision of technical and management services provided to the Company by Mr Lindsay Dudfield. Mr Dudfield's spouse is the major shareholder of and the sole director and company secretary of Jopan Management Pty Ltd.

ii) During the year the Company paid directors fees to Mr Donald Ross Kennedy the amount of \$8,333.33 (including superannuation).

During the year the Company paid directors fees totalling \$45,000 to Grandor Pty Ltd (an associate of Mr Scott).

Ms Farr did not receive directors fees during the year but was remunerated a salary of \$86,846 and superannuation of \$7,547 pursuant to the terms and conditions of her employment contract commenced 22 July 2002 whereby Ms Farr provides administrative and bookkeeping services to Jindalee Resources Ltd and Company Secretarial services to Energy Metals Limited pursuant to an Administrative Services Agreement between Jindalee Resources Limited and Energy Metals Limited.

iii) During the year the Company received a total of \$257,144 from Energy Metals Limited for the provision of registered and serviced offices and the provision of staff (employed by Jindalee) to provide administrative, secretarial, corporate compliance and reception services. During the year the Company was reimbursed by Energy Metals Limited a total of \$31,807 for goods purchased by Jindalee on behalf of Energy Metals. Jindalee Resources is a substantial shareholder in Energy Metals holding 46,794,273 fully paid ordinary shares representing 39.96% issued capital. Lindsay George Dudfield and Donald Ross Kennedy were also directors of Energy Metals Limited during the year ended 30 June 2009. Ms Farr is also Company Secretary of Energy Metals Limited.

iv) Energy Metals Ltd is related to Mr Dudfield and Mr Kennedy who were both directors and shareholders of the Company up to year.

A) Details of the nature and amount of remuneration received by Mr Dudfield as a Director of Energy Metals Limited is as follows:

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Non-Executive Directors of Energy Metals Limited

Name		Short-term benefits		Post-employment	Share-based payment	Total
		Directors Fees	Consulting Fees	Super-annuation	Options	
		\$	\$	\$	\$	\$
D R Kennedy	2009	6,667	-	-	-	6,667
	2008	10,000	33,550	3,919	-	47,469

Executive Directors of Energy Metals Limited

Name		Short-term benefits		Post-employment	Share-based payment	Total
		Directors Fees	Consulting Fees	Super-annuation	Options	
		\$	\$	\$	\$	\$
L G Dudfield	2009	-	166,045	-	-	166,045
	2008	-	126,918	-	-	126,918

**Further information on options issued as share-based payments can be found in the “Remuneration Report” in the Directors’ Report.

B) Details of Mr Kennedy and Mr Dudfield’s interest in shares and options of Energy Metals Limited at 30 June 2009 are as follows:

2009	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Name				
<u>Mr D R Kennedy</u>				
Ordinary fully paid shares	137,400*	-	(137,400)	-
Listed Options (ASX Code EME0)	-	-	-	-
Unlisted Options (ASX Code EMEAM)	1,500,000*	-	-	1,500,000
<u>Mr L G Dudfield</u>				
Ordinary fully paid shares	6,575,400	-	-	6,575,400
Listed Options (ASX Code EME0)	-	-	-	-
Unlisted Options (ASX Code EMEAM)	1,500,000	-	-	1,500,000

*Balance held at date of resignation.

24. CONTROLLED ENTITIES

Controlled Entities	% held		Class	State of Incorporation	Date of Incorporation	Investment at Cost	
	2009	2008				2009	2008
						\$	\$
Energy Metals Ltd	39.96%	39.96%	Ord	WA	08/10/04	4,014,579	4,014,579
Eastmin Pty Ltd	100%	100%	Ord	WA	15/04/05	2	2
						<u>4,014,581</u>	<u>4,014,581</u>

The date of acquisition of the controlled entities was on the date of incorporation of both companies. The fair value of net assets acquired at the date of acquisition was nil.

The Group maintains control of Energy Metals Ltd due to its 39.96% voting power and the power to cast the majority of votes at meetings of the board of directors due to two thirds of the Board of Jindalee Resources Ltd being directors of Energy Metals Ltd.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

25. RELATED PARTY TRANSACTIONS

- (a) Parent entities
The parent entity within the Group is Jindalee Resources Limited.
- (b) Subsidiaries
Interests in subsidiaries are set out in Note 24.
- (c) Key management personnel
Disclosures relating to key management personnel are set out in Note 23.
- (d) Administrative Services Agreement
Disclosures relating to the Administrative Services Agreement are set out in Note 23d (ii) and (iii).
- (e) Loans to controlled entities are set out in Note 10.

26. REMUNERATION OF AUDITORS

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts paid or payable at 30 June by the auditors for:				
Audit and review of financial report	68,590	80,619	31,782	42,388
Other assurance services	-	-	-	-
Total remuneration for audit services	68,590	80,619	31,782	42,388

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

27. INTEREST IN JOINT VENTURE OPERATIONS

Energy Metals Limited

The subsidiary Energy Metals Limited has the following interest in unincorporated joint ventures:

Joint Venture	Principal Activity	% Interest	
		2009	2008
Bigirlyi Joint Venture	Uranium Exploration	53.74*	53.74*

The joint venture is a contractual arrangement between participants for the sharing of costs and outputs and does not generate revenue and profit. The joint venture does not hold any assets and the Company's share of exploration and evaluation expenditure is accounted for in accordance with the policy set out in Note 2.

*The Company is a participant in the Bigirlyi Joint Venture with a 53.74% interest (2008: 53.74%). The Company's interest in the Joint Venture increased during the previous period as a result of dilution by Southern Cross Exploration NL. Southern Cross have disputed the dilution and pursuant to the joint venture agreement the parties operate under, the matter will be resolved via a process of arbitration. A settlement proposal dated 22 July 2009 was put forth by Southern Cross to the other venturers however as at the date of this report the matter has not been settled. The other participants in the joint venture are Valhalla Uranium Limited (42.06%) and Southern Cross Exploration NL (4.20%).

The Group has brought to account its percentage interest of the operating costs of the joint venture in the Income Statement, and its percentage interest of the assets in the Balance Sheet.

The Groups share of assets employed in the joint venture is:

	Consolidated	
	2009	2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	337,365	422,232
Trade and other receivables	2,746	-
TOTAL CURRENT ASSETS	340,311	422,232
NON CURRENT ASSETS		
Exploration and evaluation expenditure	7,388,540	5,403,491
TOTAL NON CURRENT ASSETS	7,388,540	5,403,491
TOTAL ASSETS	7,388,540	5,825,723

a) **Commitments**

There are no capital expenditure commitments for the Joint Venture as at 30 June 2009.

Estimated 2008/2009 minimum expenditure commitments for the Joint Venture tenements is \$600,000.

b) **Contingent liabilities**

Claims of Native Title

There are no claims of Native Title that affect the joint venture licence holdings.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

28. EVENT OCCURRING AFTER BALANCE SHEET DATE

On 8th September 2009 Energy Metals Limited (a company in which Jindalee holds 40% issued capital) announced it has entered into an Implementation Deed with CGNPC Uranium Resources Co. Ltd., a wholly owned subsidiary of China Guangdong Nuclear Power Company (“CGNPC”), under which China Uranium Development Company Limited (“CUD”), also a wholly owned subsidiary of CGNPC, will offer to acquire up to 70% of the outstanding ordinary shares of Energy Metals for \$1.02 cash per share by means of a proportional takeover bid. As a part of the transaction CUD will underwrite a 1:9 rights issue by Energy Metals at \$0.90 per share which Energy Metals intends to implement on completion of the proportional takeover bid. The rights issue seeks to raise approximately \$11.7M.

The Implementation Deed has a number of conditions related to government approvals that are required to be satisfied before the transaction can be completed.

Further information regarding the transaction can be obtained from the Australian Stock Exchange www.asx.com.au and the Company’s website www.jindalee.net

JINDALEE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 064 121 133**DECLARATION BY DIRECTORS**

1. the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures included under the heading "remuneration Report" in the Directors Report comply with section 300A of the *Corporations Act 2001*.
4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



L G DUDFIELD
Managing Director

Dated the 29th day of September 2009 at Perth, Western Australia.



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008
PO Box 700 West Perth WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

29 September 2009

The Director
Jindalee Resources Limited
Level 2, 18 Kings Park Road
WEST PERTH WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
JINDALEE RESOURCES LIMITED**

As lead auditor of Jindalee Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jindalee Resources Limited and the entities it controlled during the period.

Chris Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Western Australia, Perth



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008
PO Box 700 West Perth WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JINDALEE RESOURCES LIMITED

We have audited the accompanying financial report of Jindalee Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at exactly the same time that this auditor's report was made.

Auditor's Opinion

In our opinion the financial report of Jindalee Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (a) (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report within the directors' report of Jindalee Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



Chris Burton
Director

Signed in Perth, Western Australia
Dated this 29th day of September 2009.