

JAGUAR PROJECT FUNDING

Jabiru Metals Limited (Jabiru) completed the two components of the Jaguar Project funding during the December quarter, debt funding from ANZ, and equity raising through a rights issue to shareholders.

The debt facility from ANZ provides A\$53.5M for project construction. Importantly, the facility has no mandatory hedging requirement because it is guaranteed by Consolidated Minerals Limited (Consmín). The lack of hedging was seen as a critical component by both Jabiru and Consmín because, at the time when the Project Finance was committed, the forward prices for metals, especially copper, were severely backwardated (meaning that they were substantially less than the spot prices). Both Jabiru and Consmín were of a view that metal spot prices and forward prices were likely to substantially improve, hence the debt facility employed was designed to maximise this potential. Fortunately, these price improvements have begun to materialise.

The A\$28M rights issue equity component was designed to complement the debt, giving a two thirds/one third debt/equity ratio. It also provides Jabiru with the certainty going forward into construction of knowing that the project construction and exploration programmes are fully funded through to production. The Board was keen to ensure such certainty in order to commit to the significant project construction capital expenditure programme.

Project Financing Structure Advantage

The metal price assumptions required by the banks for funding of the Jaguar Project feasibility needed to be based upon published metal price forecasts. The 25 October 2005 feasibility update employed Macquarie Bank yearly metal price forecasts.

The recent advance in both copper and zinc prices, if factored into the Jaguar feasibility, provides a current snapshot of the financial performance of the project without mandatory hedging or forecast prices (see Table 1).

While metal prices have improved further since 30 December 2005, the comparison in Table 1 may serve to demonstrate the advantage that the ANZ finance package brings to the Jaguar Project and to Jabiru by being unhedged in a strong metals market. The 30 December 2005 metal prices provide an NPV of \$0.55 per share for the Jaguar Project before consideration for other assets such as stockpile resources and exploration likelihood of success.

Offtake Agreement Advantage

The debt facility also allows Jabiru to maximise the potential of the Oxiana Ltd (Oxiana) Golden Grove concentrate off-take agreement, by giving Oxiana and Jabiru the ability to target the world concentrate market, rather than being tied to one particular smelter or trader. Current spot zinc smelting treatment charges, for the first time in history, are negative (meaning that the smelters are paying the producers for supplies). Current benchmark treatment charges are around US\$100/tonne of concentrate, providing a differential price advantage to Jabiru of approximately US\$120/tonne (Jaguar will produce approximately 60,000 tonnes of zinc concentrate each year).

The Oxiana agreement allows both Oxiana and Jabiru to take advantage of the spot smelting market, and at times, achieve these significant reductions in offsite costs.

Table 1: Jaguar Project Financials

	25 October 2005 Feasibility	30 December 2005 Prices*
EBIT	A\$101M	A\$282M
EBITDA	A\$182M	A\$363M
NPV	A\$60.5M	A\$180M
IRR	45%	74%
Project Capital	A\$56M	A\$56M
Zn C1 cost (credits)	US\$0.10/lb	US\$-1.07/lb

* 30 Dec 05 prices: Cu US\$2.08/lb, Zn US\$0.85/lb, Ag US\$8.91/oz, AU/US \$0.7316

CONSTRUCTION HIGHLIGHTS

Summary

- Purchase of camp and office complex from St Barbara Mines and relocation to Jaguar
- Camp construction complete for 115 rooms
- Completion of erection of administration complex
- Commencement of boxcut – 39% complete at end of December
- Commencement of preparation works for tailings dam construction
- Completion of site access road
- Appointment and commencement of Internet as engineers for detailed design of plant
- Appointment of Abesque as lead construction contractor for processing facility
- Commencement of refurbishment of processing facility
- Commencement of earthworks for processing facility
- Employment of all key personnel
- Purchase of major underground mining fleet for delivery in February 2006
- Commencement of Study into treatment of existing Teutonic Bore stockpiles and tailings retreatment.

Camp & Office Construction:

During the quarter, activity commenced on site with the purchase from St. Barbara Mines of the accommodation and office units from Safari Bore, Red October and Carosue Dam. Relocation and placement of these buildings occurred early in the quarter with erection completed by the end of the quarter, providing 115 camp units.

The final fit out of these buildings will be completed in early January 2006.



Boxcut Excavation:

As announced the Boxcut excavation contract was awarded to Works Infrastructure Pty Ltd (Works).

Mobilisation of the Works fleet occurred in October 2005 with excavation commencing on 1 November 2005. At the end of the quarter 387,000 bcm of material had been moved which equates to 39% of the total planned movement.

Completion of the boxcut is expected in March 2006.



Tailings Storage Facility:

Haulage of clay based material to the TSF commenced in December. At the end of the quarter some 22,000 m3 of material had been transported out of a total of approximately 100,000 m3. This material is stockpiled ready for tails dam construction late in 2006.

Site Access Roads:

All site access roads were completed in the quarter.

Appointment of Internet Engineering as lead engineers:

Internet Engineering has been awarded the contract for detailed design and procurement for the Jaguar Processing Facility. At the end of the quarter the detailed engineering was 55% complete.

Processing Plant Refurbishment and Construction:

During the quarter Abesque Engineering and Construction Ltd were appointed as lead Construction contractor. Refurbishment of the existing processing facility (sourced from Cadjebut & Black Cat) commenced during the quarter.

Processing Facility major earthworks:

Earthworks for the Concentrator commenced during December. Earthworks will be completed by the end of January ready for concrete footing preparation and slab construction in February 2006.

Recruitment of Operational Personnel:

As highlighted in the September quarterly report Jabiru has continued to recruit key operational personnel and currently have all key positions filled. Recruitment for all secondary positions is underway and will be complete by end of February 2006. Jabiru has been gratified by the interest in the project and the high calibre of the personnel applying for the available positions. We are confident that the management and workforce recruited to date are of the highest quality and will positively contribute to the future success of the Jaguar project.



Underground Fleet Purchase:

Jabiru carried out an extensive cost benefit analysis for contractor versus owner operator proposals for underground mining. Due to the length of the project and the high level of contracting and in-house operating expertise the option of owner mining was considered to provide the best value and lowest risk to the project.

Jabiru have tendered and awarded the supply of the major underground fleet during the quarter. Sandvik Mining & Construction have been awarded the supply of jumbo drills (Axera 07) and

loaders (Toro 1400) and Hitachi Equipment have been awarded the supply for trucks (Hitachi/Bell 40HD). Delivery of the major mobile plant is expected on site in early February ready for underground portal establishment in March 2006.

Teutonic Bore ore stockpile and tailings retreatment study:

During the quarter Jabiru commenced more detailed studies for the treatment of the existing Teutonic Bore sulphide ore stockpiles and the existing Teutonic Bore tailings facility. These sources of metal have the opportunity to significantly boost the value of the Jaguar project.

EXPLORATION

Jabiru has an objective of doubling the resource available to the Jaguar plant in the next two years. In order to achieve this objective, the Company has committed \$5M for exploration each year to maximise the potential of the highly prospective Teutonic Bore Exploration Project area.

Teutonic Bore Exploration Project (Jabiru 100%)

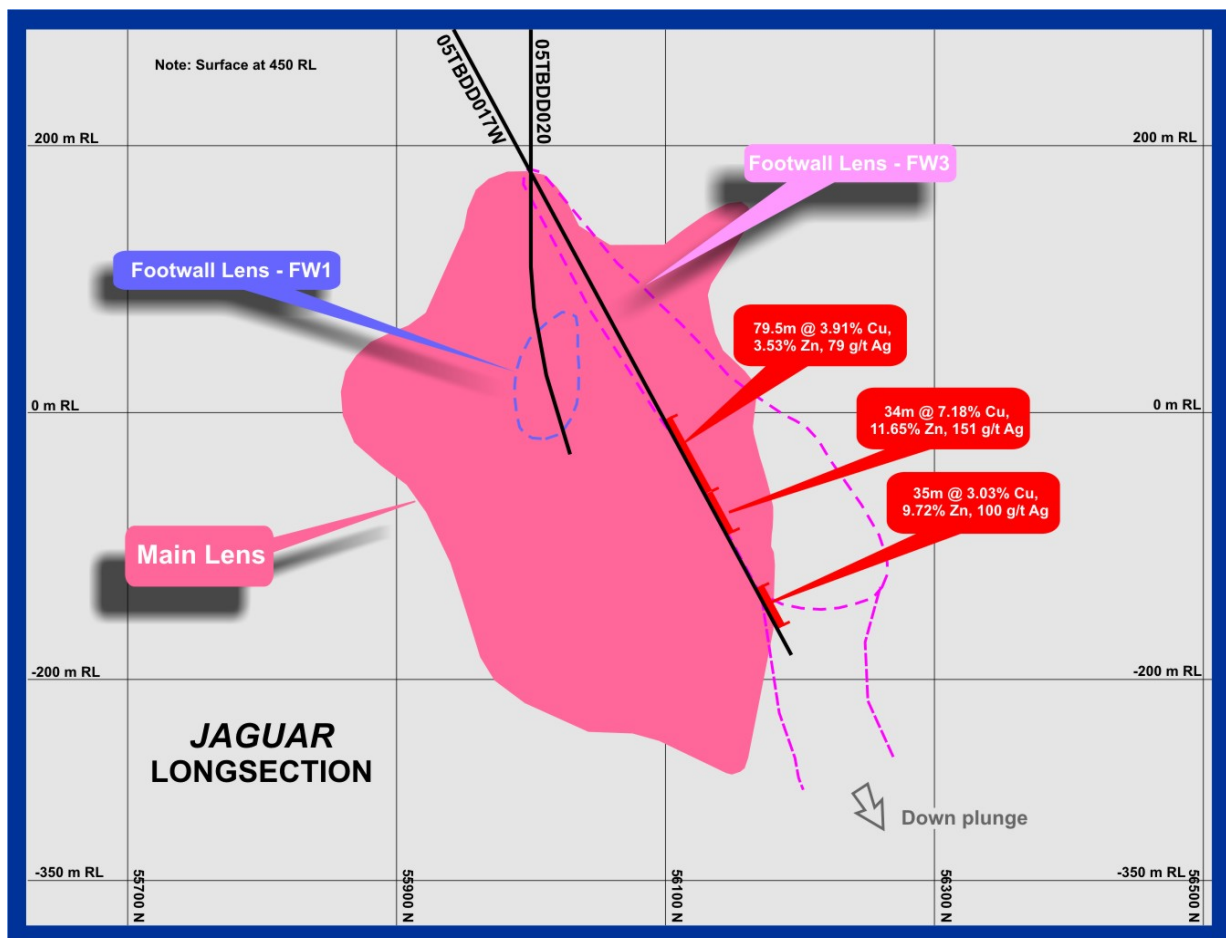
Teutonic Bore Exploration Project

The Teutonic Bore Exploration Project covers 20 kilometres strike of highly prospective intercalated mafic-felsic volcanic-metasediment greenstone terrane that locally hosts the Teutonic Bore and Jaguar volcanogenic massive sulphide deposits.

The greenstone terrane in the Teutonic Bore region hosts major gold deposits such as Tarmoola to the south, Thunderbox to the north and Bronzewing, Mt McClure and Darlot deposits which lie within the Yandal Greenstone Belt. Ultramafic rocks within the terrane also host nickel sulphide mineralisation at LionOre Australia Pty Ltd's Amoric and Waterloo Prospects.

Induced Polarisation Survey

An Induced Polarisation (IP) survey was completed between the Jaguar and Teutonic Bore prospects. Initial results indicate two significant trends that extend over >4km of strike that are considered to represent horizons prospective for base metal mineralisation. A follow-up survey comprising B-field fixed loop electromagnetic survey programme (FLEM) is planned to be completed in the first quarter of 2006, with follow-up drilling to commence shortly thereafter.



Aeromagnetic Survey

A detailed aeromagnetic survey covering the entire Jaguar Project has been confirmed to commence in the last week of January 2006. The aim of this programme is to provide a strong geological framework for the project upon which to base future drilling activities.

Teutonic Bore Prospect

Evaluation of mineralisation associated with the historic Teutonic Bore deposit continued during the quarter. Diamond drill core generated by exploration and mining activities during the 1980's

was relogged in detail with the aim of evaluating feeder zone mineralisation located in the footwall to the massive sulphide position and potential drill targets below the current mine workings. This work is ongoing.

Daimler Prospect

Three RC holes (05TBRC028-030) were drilled 80 metres north of the discovery section at Daimler, with mineralisation encountered in 05TBRC030 of similar tenor to that encountered in the discovery drill hole. See Table 2 for results.

A single diamond tail targeted beneath the Daimler mineralisation only encountered low tenor

Table 2. Daimler Prospect Drill Results

Hole	Interval	Results
05TBRC030	104-148m	44m @ 0.90% Cu, <0.01% Pb, 0.64% Zn, <0.01g/t Au, <1g/t Ag
05TBDD021	119-122m	3m @ 1.86% Cu, 0.04% Pb, 0.75% Zn, 0.05g/t Au, 17g/t Ag
	127-128m	1m @ 6.34% Cu, 0.18% Pb, 5.53% Zn, 0.02g/t Au, 55g/t Ag
	133-139m	6m @ 1.41% Cu, <0.01% Pb, 0.51% Zn, 0.18g/t Au, 12g/t Ag

Table 3. Jaguar Prospect Drill Results

Hole	Interval	Results
05TBDD017W1		
Main Lens	465.3-467.4m	2.1 m @ 1.65% Cu, 0.20% Pb, 5.30% Zn, 0.09g/t Au, 52g/t Ag
	472.5-556.0m	79.5 m @ 3.91% Cu, 0.20% Pb, 3.53% Zn, 0.03g/t Au, 79g/t Ag,
	includes	25.5 m @ 8.77% Cu, 0.59% Pb, 10.50% Zn, 0.04g/t Au, 195g/t Ag,
	566.0-600.0m	34 m @ 7.18% Cu, 0.65% Pb, 11.65% Zn, 0.09g/t Au, 151g/t Ag,
	includes	27 m @ 8.71% Cu, 0.81% Pb, 13.90% Zn, 0.10g/t Au, 184g/t Ag
	653.0-688.0m	35 m @ 3.03% Cu, 0.81% Pb, 9.72% Zn, 0.20g/t Au, 100g/t Ag,
05TBDD020		
Footwall Lens 3	386.0-392.0m	6 m @ 4.85% Cu, 0.01% Pb, 0.26% Zn, 0.01g/t Au, 22g/t Ag
	473.0-474.0m	1 m @ 1.09% Cu, 0.13% Pb, 2.51% Zn, 0.15g/t Au, 22g/t Ag
Footwall Lens 1	487.0-503.0m	16 @ 5.36% Cu, 0.72% Pb, 6.21% Zn, 0.30g/t Au, 99g/t Ag
Main Lens	520.0-531.0m	11 @ 5.07% Cu, 0.70% Pb, 11.11% Zn, 0.05g/t Au, 163g/t Ag
	536.0-538.0m	2 m @ 0.15% Cu, 1.09% Pb, 4.53% Zn, 0.02g/t Au, 77g/t Ag

copper and zinc mineralisation. A second diamond hole (05TBDD021) was drilled adjacent to an RC hole (05TBRC004) in which significant mineralisation had been intersected. This diamond hole encountered disseminated to stringer style mineralisation. See Table 2 for results.

Jaguar & Warramboe Prospects

A drilling programme was recently undertaken to test for faults that might impact upon rock stability and ore dilution during mining, and for the strike and dip continuity of copper-zinc grades within the Main Lens. Analytical results for these holes are show in Table 3.

05TBDD017W1 was drilled down the plunge of Main Lens. Drilling did not encounter any significant cross-cutting fault structures however, it did traverse a significant portion of the lower copper-rich part of Main Lens. The analytical results demonstrate good continuity of grade within the sulphide lodes over significant distances. Minor changes in the position of the sulphide-footwall contact and the drillhole trace account for apparent gaps between the mineralised intervals.

05TBDD020 was drilled from east to west in the opposite orientation to previous drilling. This hole did not encounter any significant fault structures however, it did succeed in intersecting projections

of two of the principal footwall lenses before passing through the Main Lens.

This drilling programme has confirmed that the current model for the Jaguar deposit is robust and that no significant offsetting fault structures are apparent. This is encouraging from the perspective of ground stability and ore dilution during underground development and mining. The drilling has also demonstrated encouragement in the form of grade continuity over significant intervals within Main Lens.

Lennon's Find and Twin Peaks

Historical data compilation and review commenced during the quarter with the aim of defining targets to be drill tested during 2006.

Note:

This information, so far as it pertains to exploration results is based on and accurately reflects, information compiled by Neil Martin and Scott Donaldson and other members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, each of whom has had at least five years relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves.

GENERAL

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