

JABIRU METALS LIMITED
ABN 51 060 620 751

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue of one (1) new Share for every ten (10) Shares held by Shareholders registered at 5.00pm (WST) on 5 January 2007 at an issue price of 85 cents per Share to raise \$28,683,384 (**Entitlement Issue**).

PARTIAL UNDERWRITER AND CORPORATE ADVISER



IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus with ASIC	22 December 2006
Notice sent to Shareholders	28 December 2006
Ex Date	29 December 2006
Record Date for determining Shareholder entitlements	5 January 2007
Prospectus despatched to Shareholders	9 January 2007
Closing Date of Offer	23 January 2007
Securities quoted on a deferred settlement basis	24 January 2007
Despatch date/Shares entered into Shareholders' security holdings	1 February 2007

* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 22 December 2006 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 21 January 2008 (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Mr Barry Bolitho
Mr Gary Comb
Mr Rod Baxter
Mr Alistair Croll
Mr Ross Kestel

Company Secretary

Mr Ross Kestel

Registered Office

Ground Floor
23 Ventnor Avenue
WEST PERTH WA 6005

Telephone (08) 9426 8300
Facsimile (08) 9426 8399

Partial Underwriter and Corporate Adviser

Hartleys Limited
Level 6
141 St Georges Terrace
Perth WA 6000

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Telephone: 1300 557 010

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Auditor*

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. CHAIRMAN'S LETTER

Dear Shareholder

Jabiru Metals Ltd (**Jabiru**) has enjoyed an extremely pleasing progression over the past financial year. The Company moved from completion of the Jaguar Project Bankable Feasibility Study, to funding and construction of the Project and now Jabiru is on track to begin producing zinc and copper concentrates in the June quarter 2007.

The funding of the Jaguar Project was based upon the Jabiru Board's premise in 2005 that metal prices would improve during 2006 and that as a result, Jabiru should not hedge any of its metal production at that time.

Jabiru was extremely fortunate that Consolidated Minerals Ltd (**Consmin**) had a similar view of metal prices into the future, and as such, were willing to support the funding facility that the Australia and New Zealand Banking Group Limited (**ANZ**) proposed to Jabiru. The debt facility of A\$53.5m with no mandatory metals hedging, supported by Consmin, was complemented with a A\$28m rights issue (jointly underwritten by Consmin and Hartleys Limited) and an A\$8m equipment leasing facility from ANZ in November 2005. The combination of funding facilities was completed on 3 January 2006.

The decision to fund the construction of the Jaguar Project via this flexible funding mechanism has added considerable value to the future of the Project and to all shareholders.

The funding package allowed construction to commence in January 2006, and production is expected in the June quarter of 2007. The construction of both the underground decline and the concentrator is proceeding according to plan to meet our projected production date.

Recently Jabiru announced a projected increase in the capital cost of the Project construction of approximately 20%. This Offer is intended to provide funds to cover this extra capital cost, together with further funds to support other possible initiatives related to the development of the Project, related infrastructure and working capital.

The Board wishes to offer all shareholders the opportunity to participate in this funding package in recognition and appreciation of support over past years. The funding will allow the Company to confidently move forward into its next important phase of production of zinc and copper concentrates.

Yours faithfully

Barry Bolitho
Chairman

4. DETAILS OF THE OFFER

4.1 Offer

By this Prospectus, the Company offers for subscription approximately 33,745,157 new Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) new Share for every ten (10) Shares held on the Record Date at an issue price of \$0.85 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 33,745,157. The Offer will raise approximately \$28,683,384. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of Options will not be entitled to participate in the Offer. The Company currently has 18,560,000 Options on issue of which 9,050,000 have vested and may be exercised by the Option holder prior to the Record Date in order to participate in the Offer. A further 1,200,000 Options will vest prior to the Record Date and may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

4.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.85 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Jabiru Metals Limited – Entitlement Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.3 Minimum Subscription

There is no minimum subscription in respect of the Offer.

4.4 Underwriting

The Offer is partially underwritten by Hartleys. Hartleys has agreed to underwrite 23,037,216 Shares offered under the Offer (**Underwritten Shares**). In addition to the Underwritten Shares, Consolidated Copper Pty Ltd, a wholly owned subsidiary of Consolidated Minerals Limited, which holds 31.73% of the issued Shares in the Company, has given a written undertaking to apply for its full Entitlement (being 10,707,941 Shares). Effectively, Hartleys has agreed to underwrite that portion of the Offer which will not be subscribed for by Consolidated Copper Pty Ltd in its capacity as a shareholder of the Company.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting.

4.5 Shortfall

Any Entitlement not taken up pursuant to the Offer will form the Shortfall and will be dealt with in accordance with the Underwriting Agreement. The Directors and the Partial Underwriter reserve the right to issue Shortfall Shares at their absolute discretion. Accordingly, Shareholders should not apply for the Shortfall unless directed to do so by the Partial Underwriter.

The offer of any Shortfall Shares is a separate offer made pursuant to this Prospectus and will remain open for up to 3 months following the Closing Date. The issue price of any Shortfall Shares shall be \$0.85 being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

4.6 Australian Stock Exchange Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.7 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for

the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.8 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

4.9 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

4.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application,

service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4.12 Enquiries

Any questions concerning the Offer should be directed to Mr Gary Comb, on (08) 9426 8300.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$28,683,384. The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$
Additional development costs of the Jaguar Project ¹	13,000,000
Costs related to the construction of the Jaguar Project and related infrastructure ²	7,000,000
Working Capital	7,672,373
Expenses of the Offer ³	1,011,011
Total	28,683,384

Notes:

1. As announced to ASX on 24 October 2006, the estimated total construction and development cost of the Jaguar Project has increased from \$56 million to \$69 million. A portion of the funds raised from the Offer will be used to fund the additional costs in the construction and development of the Jaguar Project. Additional costs are partly due to the increase in costs of materials in Western Australia over the last 12 month period including increases in costs for structural steel, pipework, electrical items and supply issues relating to the construction of the concentrator. Labour costs have also increased. In addition, the Company has determined to increase the capacity of the plant from 350,000 tonnes per annum to 400,000 tonnes per annum to allow for expansion of the Jaguar Project. The \$13,000,000 is therefore spread across a number of more specific costs relating to the development of the Jaguar Project and cannot be more specifically allocated.
2. The Company has not yet determined the specific parts of the Jaguar Project to which the funds will be allocated except that they will be utilised to continue the advancement of the Jaguar Project as the Company continues in the early development of the ore body, processing facilities and other related infrastructure at the Jaguar Project. However, the Company is currently considering the development of a gas pipeline from the Goldfields Gas Pipeline to the Jaguar Project to enable the construction of a gas fired power station at the Jaguar Project which will provide both cheaper and more stable power costs for the Jaguar Project. This would cost in the vicinity of \$7,000,000.
3. Refer to Section 8.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$27,672,373 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Shares on issue from 337,451,570 Shares as at the date of this Prospectus to 371,196,727.

5.3 Consolidated Balance Sheet

The unaudited Consolidated Balance Sheet as at 31 October 2006 and the unaudited Pro Forma Consolidated Balance Sheet as at 31 October 2006 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued.

The Consolidated Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**JABIRU METALS LIMITED
CONSOLIDATED BALANCE SHEET**

	Unaudited 31 Oct 2006	Entitlement Issue	Unaudited Proforma 31 Oct 2006
Current Assets			
Cash	2,010,562	27,672,373	29,682,935
Receivables	938,761		938,761
Inventory	315,901		315,901
Other	14,986		14,986
Total Current Assets	3,280,210	27,672,373	30,952,583
Non Current Assets			
Receivables	1,110,219		1,110,219
Property, Plant & Equipment	6,696,323		6,696,323
Exploration and Evaluation	14,534,498		14,534,498
Mine properties in development	51,920,262		51,920,262
Total Non Current Assets	74,261,302		74,261,302
TOTAL ASSETS	77,541,512	27,672,373	105,213,885
Current Liabilities			
Payables	11,336,680		11,336,680
Provisions	328,170		328,170
Borrowings	977,825		977,825
Total Current Liabilities	12,642,675		12,642,675
Non-Current Liabilities			
Provisions	2,157,390		2,157,390
Borrowings	26,339,854		26,339,854
Total Non Current Liabilities	28,497,244		28,497,244
TOTAL LIABILITIES	41,139,919		41,139,919
NET ASSETS	36,401,593	27,672,373	64,073,966
EQUITY			
Contributed Equity	71,264,209	27,672,373	98,936,584
Reserves	453,425		453,425
Accumulated losses	(35,316,041)		(35,316,041)
TOTAL EQUITY	36,401,593	27,672,373	64,073,966

5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares

	Number
Shares currently on issue	337,451,570
Shares offered pursuant to the Offer	33,745,157
Total Shares on issue after completion of the Offer	371,196,727

Options

The Company currently has the following Options on issue. No new Options will be issued under the Offer.

	Number
Unlisted exercisable at \$0.20 on or before 15 May 2007	3,000,000
Unlisted exercisable at \$0.25 on or before 27 Aug 2009	5,700,000
Unlisted exercisable at \$0.25 on or before 22 Nov 2009	350,000
Unlisted exercisable at \$0.18 on or before 21 Dec 2010	2,550,000
Unlisted exercisable at \$0.25 on or before 23 June 2011	3,500,000
Unlisted exercisable at \$0.30 on or before 23 June 2011	2,000,000
Unlisted exercisable at \$0.57 on or before 1 November 2011	1,460,000
Total	18,560,000

6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

6.3 Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares

credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

6.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

6.5 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

6.6 Future Increase In Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.7 Variation Of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

7.1 General

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

7.3 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.4 Security Investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

7.5 Operating Risks

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The Company's exploration and production may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, failure to achieve predicted grades in exploration and mining,

operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, land claims and compensation and other unforeseen contingencies. The success of the Company also depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals of the conduct of its exploration and production activities.

Exploration and production on the Company's existing exploration and mining tenements may prove unsuccessful. Mineable resources may become depleted resulting in a reduction of the value of those tenements and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining tenements.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can adversely effect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from projects undergoing exploration and development programs depend on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development. The design and construction of efficient processing facilities, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

7.6 Commodity Price and Exchange Rate Risks

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks.

The Company's profitability depends upon the world market prices of zinc, copper and other metals. Prices fluctuate widely and are affected by numerous factors beyond the Company's control. The prices of metals are influenced by factors including industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of zinc, copper and other metals by producers and speculators, technological advancements as well as other global or regional political, social or economic events. The supply for zinc, copper and other metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

If the market prices for zinc, copper or other metals fall below the Company's production costs and remain at such levels for any sustained period of time, it may not be economically feasible to commence or continue production. This would materially and adversely affect production, profitability and the Company's financial position. The Company may, depending on hedging practices, experience losses and may determine to discontinue operations or development of a project or mining at one or more of its properties. If the prices of zinc, copper or other metals drop significantly, the economic prospects of the

projects in which the Company has an interest could be significantly reduced or rendered uneconomic. Zinc and copper prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of zinc, copper and other metals are produced, a profitable market will exist for them.

A decline in the market prices of zinc, copper or other metals may also require the Company to write down its mineral reserves and resources which would have a material and adverse effect on its earning and profitability. Should any significant write-down in reserves and resources be required, material write-down of the Company's investment in the affected mining properties and increased amortisation, reclamation and closure expenses may be required.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

7.7 Environmental Risks and Regulations

Mining is an industry which has become subject to increasing environmental responsibility and liability. The Company's activities are subject to State and Federal laws and regulations controlling not only the mining of and exploration of mineral properties, but also the possible effects of such activities upon the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

The potential for liability is an ever-present risk. The Company cannot give any assurance that despite its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition and its results from operations.

Mining operations in Australia are subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment, and to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Environmental laws may change and make the mining and processing of ore uneconomic, or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases, or emissions of various substances produced in association with certain mining industry operations. Compliance with such laws may cause delays or require capital outlays in excess of those anticipated, causing an adverse effect on the Company. A breach of such legislation may result in the imposition of fines and penalties or the suspension or closure of mining operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities.

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation.

Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority.

The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

7.8 Native Title and Title Risks

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements in which the Company has an interest or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal sacred sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining clearances.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

7.9 Forfeiture of Exploration and Mining Tenements

The Australian title registration system provides for application for forfeiture of exploration and mining licenses where there is, or has been, non-compliance with the prescribed royalties, rents or expenditure conditions. Forfeiture may occur in one of a number of ways. A third party may file a plaint (an application for forfeiture) with the mining warden, who may (in the case of prospecting or miscellaneous licences) elect to forfeit the tenement or impose a fine not exceeding A\$5,000, or (in the case of exploration licences, mining and general purpose lease) make a recommendation to the Minister for or against forfeiture. In the latter case, the Minister may decide to forfeit the tenement, impose a fine not exceeding A\$5,000 per tenement, or impose no penalty. A tenement may not be forfeited or recommended for forfeiture unless non-compliance is of sufficient gravity to justify forfeiture. Alternatively, the Minister may himself institute forfeiture measures where non-compliance has occurred (or impose a fine not exceeding A\$5,000 per tenement which, if unpaid, results in deemed forfeiture) by first issuing a notice to the holder regarding the intended forfeiture and

subsequently publishing a notice in the Gazette confirming that the tenement is forfeited.

7.10 Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

7.11 Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer and funds it may be able to access under the LAS Facility Agreement will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

7.12 Debt Risk

By entering into the LAS Facility Agreement with ANZ, the Company is exposed to the risks associated with a breach of that LAS Facility Agreement. The total facility limit is \$53.5 million. The debt exposes the Company to the risks associated with the requirement to make the repayments under the LAS Facility Agreement. While the Company believes that it will be able to comply with the terms of the LAS Facility Agreement, the ability to repay the principal under the LAS Facility Agreement may be affected by excessive delays in the development of the Jaguar Project, a downturn in the world economy or a drop in the world zinc, copper or other metal prices during the term of the LAS Facility Agreement.

Additionally, under a deed of covenant the Company has entered into with Consolidated Minerals Limited as part of its debt funding arrangements, the Company is required to obtain written approval from Consolidated Minerals Limited to a change in its base case model in respect of the Jaguar Project. This consent cannot be unreasonably withheld. The Company has yet to obtain the written approval to a recent change in the base case model from Consolidated Minerals Limited. The effect of this failure to obtain the requisite approval is that Consolidated Minerals Limited could withhold its consent to the Company making further drawings under the LAS Facility Agreement. This could lead to the Company having to seek alternative funding arrangements to continue with its construction and development of the Jaguar Project. Since the Company's amendment to its base case model for the Jaguar Project, Consolidated Minerals Limited has continued to provide its consent to the Company drawing down funds under the LAS Facility Agreement and has not indicated to the Company that it will seek to withhold its consent to the amendment to the base case model. The Directors consider that the base case model has significantly

improved and that it has no reason to believe that Consolidated Minerals Limited would withhold its consent to the amended base case model.

7.13 Potential Losses through Uninsured or Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes or changes in regulatory environment, monetary losses and possible legal liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

7.14 Mineral Reserve, Resource and Production Estimates

The Company's reported mineral reserves and resources are only estimates. The Company cannot give any assurance that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), physical characteristics of ores, such as hardness, the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining, ore haulage and processing.

Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic and may ultimately result in a restatement of reserves and/or resources. Moreover, short-term operating factors relating to the mineral reserves and resources, such as the need for sequential development of ore bodies and the processing of new or different ore grades, may adversely affect the Company's profitability in any particular accounting period. There is no assurance that mineral resources or mineral reserves can be economically mined. Mineral resources that are not mineral reserves do not have demonstrated economic viability. A mineral resource is not the equivalent of a commercially mineable ore body or a mineral reserve.

7.15 Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

In addition, Western Australia is currently experiencing a shortage of skilled labour including those skills utilised in the mining industry. The Company can therefore not guarantee that its mining and exploration activities will not be negatively affected by an inability to employ appropriately skilled staff.

7.16 Share Price Volatility

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

7.17 The Company Does Not Have Any Production Revenue

To date, the Company has not recorded any revenues from its mining operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2006 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the

year ended 30 June 2006 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2006 audited financial statements:

Date	Description of Announcement
22 December 2006	Capital Raising and Jaguar Project Update
20 December 2006	Trading Halt
19 December 2006	Appendix 3B – Options Issue
16 November 2006	Annual General Meeting results
31 October 2006	First Quarter Cashflow Report
31 October 2006	First Quarter Activities Report
24 October 2006	Open Briefing.Jabiru.Project & Market Update
17 October 2006	Notice of Annual General Meeting
17 October 2006	2006 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.2 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

Underwriting Agreement

By an agreement between Hartleys Limited (**Hartleys**) and the Company (**Underwriting Agreement**), Hartleys has agreed to partially underwrite the Offer to the extent of 23,037,216 Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay Hartleys an underwriting fee of 5% of the value of the Underwritten Shares.

The obligation of Hartleys to partially underwrite the Offer is subject to certain events of termination. Hartleys may terminate its obligations under the Underwriting Agreement if:

- (a) **Prospectus:** any of the following occurs in relation to the Prospectus:
 - (i) The Partial Underwriter forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
 - (ii) the Partial Underwriter forms the view that any projection or forecast in the Prospectus becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;
 - (iii) ASIC:
 - (A) gives notice of intention to hold a hearing under section 739(2) of the Corporations Act;
 - (B) makes an interim order under section 739(3) of the Corporations Act;
 - (C) makes an order under section 739 of the Corporations Act to stop the issue of securities to which the Prospectus relates;
 - (D) applies for an order under Part 9.5 of the Corporations Act; or
 - (E) commences any investigation, examination or hearing under Part 3 of the Australian Securities and Investment Commission Act 2001 in connection with the Prospectus or the Offer;
 - (iv) any person, other than the Partial Underwriter, who consented to being named in the Prospectus withdraws that consent;
 - (v) the Company fails to lodge the Prospectus with ASIC on or before 22 December 2006; or
 - (vi) the Company withdraws the Prospectus or the Offer;
- (b) **Supplementary Prospectus:** the Partial Underwriter forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Partial Underwriter;
- (c) **ASX listing:** ASX does not give approval for the Underwritten Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (d) **Index change:** the ASX All Ordinaries Index as determined at close of trading falls at least 10% below its level at the close of trading on the

date of the Underwriting Agreement for any three consecutive trading days during the underwriting period;

- (e) **indictable offence:** a director of the Company or any related corporation is charged with an indictable offence;
- (f) **directors:** there are any changes to the board of directors of the Company without the prior consent of the Partial Underwriter;
- (g) **return of capital or financial assistance:** the Company or a related corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Partial Underwriter;
- (h) **banking facilities:** the Company's bankers terminate or issue any demand or penalty notice or amend the terms of any existing facility or claiming repayment or accelerated repayment of any facility or require additional security for any existing facility;
- (i) **change in laws:** any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Offer or the operation of stock markets generally;

- (j) **failure to comply:** the Company or any related corporation fails to comply with any of the following:
 - (i) a provision of its Constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or
 - (iv) any material agreement entered into by it,

which may prohibit or materially affect the business of the Company or the Offer;

- (k) **alteration of capital structure or constitution:** the Company alters its capital structure or its Constitution without the prior written consent of the Partial Underwriter;

- (l) **hostilities:** hostilities, political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the Middle East, the United Kingdom, any member state of the European Union, Japan, Indonesia, North Korea, the Peoples Republic of China or the Middle East, or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (m) **extended force majeure:** a force majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of two weeks occurs;
- (n) **default:** the Company is in default of any material term or condition of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement or any representation or warranty given or made by it under the Underwriting Agreement is or becomes untrue or incorrect;
- (o) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a related corporation;
- (p) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a related corporation;
- (q) **due diligence:** there is a material omission from the results of the due diligence investigations performed in respect of the Offer, the results of the investigation or the verification material are false or misleading, or the due diligence investigations reveal information that is not satisfactory to the Partial Underwriter acting reasonably;
- (r) **prescribed occurrence:** a prescribed occurrence occurs;
- (s) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (t) **event of insolvency:** an event of insolvency occurs in respect of the Company or a related corporation;
- (u) **judgment against a related corporation:** a judgment in an amount exceeding \$50,000 is obtained against the Company or a related corporation and is not set aside or satisfied within seven days;
- (v) **calamity:** the occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature/basis of trading of equities on ASX;
- (w) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any material adverse change occurs in national or international political, financial, economic conditions, in each case the effect of which is that, in the reasonable

opinion of the Partial Underwriter, reached in good faith, it is impracticable to market the Offer or to enforce contracts to issue and allot or sub-underwrite the securities pursuant to the Prospectus or that the success of the Offer is likely to be adversely affected;

- (x) **charge:** the Company or any related corporation of the Company charges or agrees to charge the whole or a substantial part of its business or property without the prior consent of the Partial Underwriter;
- (y) **ceasing business:** the Company or a related corporation of the Company ceases or threatens to cease to carry on its business;
- (z) **disposal:** the Company disposes of or agrees to dispose of the whole or any significant part of any of its business or property other than as disclosed in the Prospectus;
- (aa) **Takeovers Panel:** the Takeovers Panel make a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (bb) **Consolidated Copper:** Consolidated Copper Pty Ltd defaults under, or otherwise breaches its firm commitment agreement or fails to comply with its obligations under its firm commitment agreement; or
- (cc) **Consolidated Minerals Limited:** Consolidated Minerals Limited fails to provide written approval to the amendment to the base case model proposed by the Company prior to the date of this Agreement as required under clause 3(a) of the deed of covenant between the Company and Consolidated Minerals Limited by the Closing Date, or at any time prior to the Closing Date, advises the Company that it will not approve the amendment to the base case model.

The Underwriting Agreement also contains a number of representations and warranties from the Company to the Partial Underwriter that are considered standard for an agreement of this type.

8.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement
Barry Bolitho	Nil	1,500,000	Nil
Gary Comb	2,762,500	11,500,000	276,250
Rod Baxter	Nil	Nil	Nil
Alistair Croll	Nil	Nil	Nil
Ross Kestel	120,000	1,200,000	12,000

Note:

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$449,498 for the year ended 30 June 2005 and \$629,522 for the year ended 30 June 2006. For the period from 1 July 2006 to the date of this Prospectus \$323,256 has been paid or is payable by the Company by way of remuneration for services provided by all directors (executive, non-executive and alternate), companies associated with those directors or their associates in their capacity as directors, employees, consultants or advisers (and including superannuation payments). In addition to the above, Directors have been issued 10,200,000 Options for the year ended 30 June 2005 and 5,500,000 Options for the year ended 30 June 2006. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.4 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in

this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer of securities pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Hartleys Limited has given and has not withdrawn its consent to being named as Partial Underwriter to the Offer and Corporate Advisor to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Hartleys Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Hartleys Limited will be paid an underwriting fee of approximately \$979,082 in respect of this Offer.

In the past two years, Hartleys has been paid fees totalling \$1,648,696 by the Company for corporate advisory and capital raising services.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

In the past two years, Steinepreis Paganin has been paid fees totalling \$154,833 for legal services provided to the Company.

8.5 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

8.6 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	14,919
Underwriting Fees	979,082
Legal expenses	10,000
Printing and other expenses	5,000
Total	<u><u>1,011,011</u></u>

8.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX

during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$1.025 on 19 December 2006

Lowest: \$0.47 on 5 October 2006

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$1.02 on 21 December 2006.

8.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company on (08) 9426 8300 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. AUTHORITY OF DIRECTORS

9.1 Directors' Consent

Each of the Directors of Jabiru Metals Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 22nd day of December 2006

A handwritten signature in black ink, appearing to read 'Gary Comb', written in a cursive style.

Signed for and on behalf of
JABIRU METALS LIMITED
by Gary Comb

10. DEFINITIONS

Applicant means a Shareholder or Partial Underwriter or other party instructed by the Partial Underwriter who applies for Shares pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5pm (WST) on 23 January 2007 (unless extended).

Company or **Jabiru** means Jabiru Metals Limited (ABN 51 060 620 151).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Hartleys means Hartleys Limited (ABN 33 104 195 057), being the partial underwriter of the Offer.

Issue means the issue of Shares offered by this Prospectus.

Jaguar Project or **Project** means the Company's Jaguar mine.

LAS Facility Agreement means the Loan Asset Swap Facility Agreement between the Company and Australia and New Zealand Banking Corporation dated 28 October 2005.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offer means the offer pursuant to the Prospectus of one new Share for every twenty Shares held by a Shareholder on the Record Date.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Partial Underwriter means Hartleys Limited (ABN 33 104 195 057).

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5pm (WST) on 5 January 2007.

Related Corporation has the meaning given to that term in the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

WST means Western Daylight Saving Time.

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the share registry of the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Share Registry on **(08) 9389 8033**. The Form must be received by the Registry.

- A. Application for Shares**
The Shortfall Application Form must only be completed in accordance with instructions included in the Prospectus.
- B. Name of Applicant**
Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.
- C. Name of Joint Applicants or Account Designation**
If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.
- D. Address**
Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.
- E. Contact Details**
Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.
- F. CHES HIN or existing SRN Details**
The Company participates in CHES. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHES HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.
- G. Cheque Details**
Make cheques payable to "Jabiru Metals Limited – Entitlement Offer Account" in Australian currency and cross them "**Not Negotiable**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.
- H. Declaration**
By completing the Shortfall Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Shortfall Application Form does not need to be signed.
If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

Jabiru Metals Limited – Entitlement Offer Account
C/- Hartleys Limited
Attention: Karin Woolhouse
Level 6
141 St Georges Terrace
Perth WA 6000

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund