



Jabiru Metals
LIMITED

Quarterly Report

for the period ending 30 September 2006

ASX:JML

**Jabiru on target to become
Australia's next zinc and copper producer**

SEPTEMBER QUARTER 2006 HIGHLIGHTS

Jaguar Construction

- Underground decline 50% complete and on target for June quarter 2007 production
- Concentrator refurbishment complete
- Concrete foundations complete
- Concentrator steel erection commenced & progressing as forecast
- Further metallurgical testing commenced on the old Teutonic Bore sulphide stockpiles

Jaguar Exploration

- Diamond drilling commenced August / September 2006
- 1.66mt Teutonic Bore Stringer Resource
- Further EM targets

GARY COMB
MANAGING DIRECTOR

30 October 2006

Jabiru on target to become Australia's next Zinc and Copper producer

Zinc and Copper Production

Data from the World Bureau of Metal Statistics (WBMS) has recently shown the global copper market recorded a small surplus of 88,000 tonnes in the first eight months of 2006. Speculation continues that this small surplus was created by stockpile destocking and Chinese Strategic Reserve supplies, indicating that the copper market has essentially been in balance for this year.

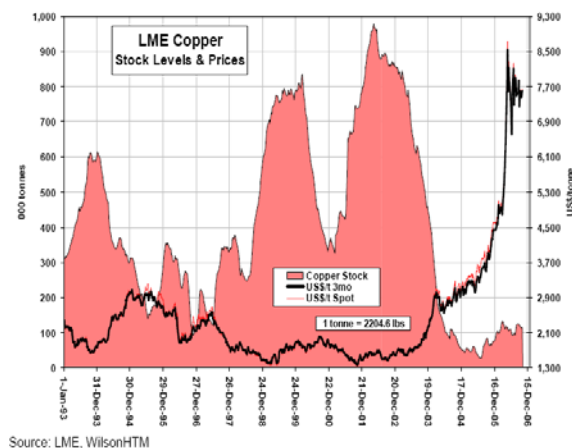
Zinc production world-wide has not kept up with demand as can be demonstrated by the drawdown of LME zinc metal stocks from 400,000 tonnes in December 2005 to 140,000 tonnes at 30 September 2006. Drawdown is continuing at 1,000-2,000 tonnes per day which according to the International Lead and Zinc Study Group resulted in a supply deficit of 281,000 tonnes for the 9 months year to date, with a similar deficit forecast for 2007.

Jabiru is 100% unhedged and the Jaguar Project will produce 55% zinc, 35% copper and 10% silver.

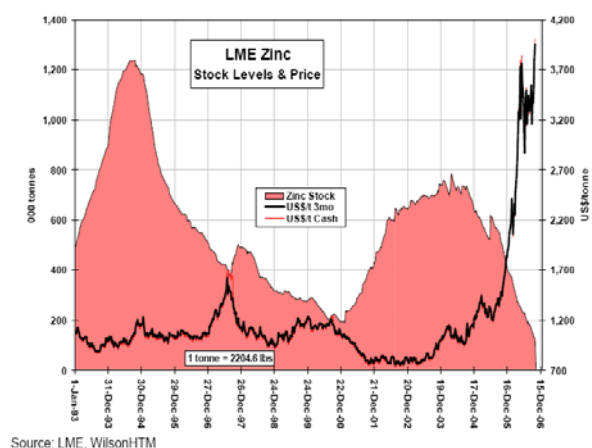
Concentrate Markets

Zinc miners are seeking lower treatment charges, a cap on price participation clauses and a rise in payability (from 85% to 95% in line with improved metallurgical recoveries) for smelters during the 2007 zinc treatment charge talks.

The mining industry is pressing the Japanese smelters to eliminate price participation, which gives smelters the right to receive a higher fee for processing concentrates when the price of copper and zinc is high. Discussions between the miners and smelters are ongoing.



Source: LME, WilsonHTM



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Table 1: Jaguar Project Financials

	25 October 2005 Feasibility	31 March 2006 Prices	30 Jun 2006 Prices	30 Sept 2006 Prices
EBIT	A\$101M	A\$478M	A\$644m	A\$725m
EBITDA	A\$182M	A\$563M	A\$730m	A\$843m
NPV	A\$60.5M	A\$316M	A\$430m	A\$527m
IRR	45%	106%	130%	152%
Zn C1 cost (credits)	US\$0.10/lb	US\$-0.35/lb	US\$-0.60/lb	US\$-0.60/lb

31 Oct 05 prices: Macquarie Sept 2005 forecasts
 31 Mar 06 prices: Cu US\$2.51/lb, Zn US\$1.22/lb, Ag US\$11.76/oz, AU/US \$0.72
 30 Jun 06 prices: Cu US\$3.43/lb, Zn US\$1.49/lb, Ag US\$10.70/oz, AU/US \$0.74
 30 Sept 06 prices: Cu US\$3.43/lb, Zn US\$1.51/lb, Ag US\$11.00/oz, AU/US \$0.75

JAGUAR PROJECT - CONSTRUCTION HIGHLIGHTS

Summary

- ✓ Underground Portal development complete and decline development has progressed 1,020m.
- ✓ Processing Plant civil works complete.
- ✓ Ordering of major processing components 100% complete.
- ✓ Refurbishment of Mill complete and upgrade to 420,000 tpa planned.
- ✓ Detailed engineering complete.

Underground Mining

The Jaguar underground decline development has progressed 1,020m.

The decline is currently in fresh, competent volcanic rock which is consistent with the expectations of the Bankable Feasibility Study (BFS).

Decline advance rates for the underground decline during the September quarter were 6% better than budget at 637m versus 600m.

Ventilation Raisebore

During the quarter the pilot hole for the ventilation raise bore commenced. At the end of September, the pilot hole was 150m down and the hole was within a 0.5m of the target centreline. Performance to date is ahead of schedule.



Underground decline

Power Generation

In light of the recent and apparently continuing increases in fuel prices worldwide, Jabiru is in final negotiations with gas suppliers, specialists in gas pipeline construction and gas fired power station operators, with a view to transferring to gas fired power generating facility at Jaguar for the long term, rather than diesel fired as designed in the BFS. Jabiru believes the potential long term financial benefits available are attractive and justify the capital costs.

In the interim period, Jabiru has an existing power generation agreement with a diesel power provider which allows for a gradual ramping up of the existing diesel generating facilities in line with growing power requirements over the next 18 months. This staged approach will ensure that generation efficiency is optimised and matched to the Company's needs in both the short and longer term.

In line with the above strategy, Jabiru has successfully concluded all access agreements required, and has been granted a miscellaneous license for the gas supply pipeline from the Goldfields Gas Pipeline to Jaguar.

Processing Facility Civil Works

At the end of the quarter, 100% of the concrete and civil works for the concentrator have been completed.

Refurbishment of the Mill

Refurbishment of the mill components is complete. No significant defects have been noted and Jabiru has been gratified by the quality of the finished product in the refurbishment of the plant. A review of refurbishment costs and those costs associated with increasing the mill throughput by 20% has been completed with construction costs forecast to be \$69 million.

Concentrator Construction

The September quarter saw the thickeners, SAG and ball mills and other major components installed. Erection of steel work for the concentrator progressed well, progress to date is in line with the projected ore availability (June quarter 2007), with the concentrator building, reagents building and conveyor sections being erected.

Metallurgical Testing of Teutonic Bore Stockpiles and Tailings Dam

Test work commenced during the quarter on the remainder of the old Teutonic Bore sulphide stockpiles. This was designed to follow up and confirm the initial testing on a small sample of this material that returned positive results.

The final, definitive results for the ongoing test work will not be available until the second half of the financial year.



Construction at Jaguar

JAGUAR PROJECT MINING RESERVES					
	Tonnes	Copper	Zinc	Lead	Silver
<i>Jaguar Ore Reserve*</i>					
Probable	1,689,000	3.1%	11.3%	0.7%	115 g/t
<i>Teutonic Bore Stockpile Reserve**</i>					
Probable	25,000	2.9%	10.0%	1.3%	200g/t
<i>Total Probable</i>					
Total Probable	1,714,000	3.0%	11.5%	0.7%	119g/t

Notes

* *Jaguar Ore Reserve metallurgical recoveries of Cu 87% and Zn 79%, with concentrate grades Cu 24.3%, Zn 48%. Revenues as announced in the 2006 Annual Report.*

** *Teutonic Bore Stockpile reserve Cu recovery 0%, Zn recovery 40%, Zn concentrate grade 45%, reflecting the use of this material as start-up feed for the Jaguar Processing facility. Revenues as announced in the 2006 Annual Report.*

JAGUAR PROJECT MINERAL RESOURCES					
	Tonnes	Copper	Zinc	Lead	Silver
<i>Teutonic Bore Stockpile Resource</i>					
Indicated	60,000	2.0%	5.0%	N/A	130g/t
<i>Teutonic Bore Insitu Stringer Resource</i>					
Inferred	1,660,000	1.2%	1.1%	0.09	27g/t

EXPLORATION

Teutonic Bore Exploration Project (Jabiru 100% owned)

Teutonic Bore Exploration Project

The Teutonic Bore Exploration Project covers 25 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 Amorac and Waterloo Prospects.

Diamond Drilling

Diamond drilling continued during the quarter, with Drillcorp-Western Deephole contracted to provide drilling services. The programme was aimed at testing targets in the vicinity of the historical Teutonic Bore Zn-Cu-Ag mine. At the end of the quarter a further two diamond holes for 1,489m of diamond drilling had been completed. These drill holes encountered evidence of intense hydrothermal alteration with associated pyrite mineralisation some 200-400m distant from the Teutonic Bore massive sulphide position. These results are considered encouraging and diamond drilling is planned to continue.

Down-hole EM

The results of the down-hole EM surveys undertaken last quarter have been received, with indications of unusual off-hole conductors adjacent to two holes located along the Teutonic Bore-Jaguar trend. These holes, also drilled last quarter, encountered significant hydrothermal alteration and low-grade base metal mineralisation in the footwall to the interpreted EM conductors. These EM conductors are planned to be drill-tested during the next quarter.

Teutonic Bore Stringer Zone Resource Estimation

The Teutonic Bore massive sulphide deposit was mined by BP Seltrust during the early 1980's, and is located only four kilometres north of the Jaguar mine.

The estimated inferred resource for Teutonic Bore, calculated using a sectional polygonal method and a 1% Cu eq cut-off, is as follows: 1.66mt @ 1.2% Cu, 0.09% Pb, 1.1% Zn, 27g/t Ag (1.9% Cu eq* or 3.9% Zn eq). NOTE: * Zn eq and Cu eq based on LME closing prices for Friday 6 October 2006.

Jabiru completed the resource estimation following the completion of previously reported diamond hole 05TBDD014 (131 metres at 2.6% Zinc eq) that passed through the Teutonic Bore feeder zone, confirming both the orientation and tenor of mineralisation encountered in BP Seltrust's diamond drilling. The resource estimate was based on diamond drilling completed by BP Seltrust and Jabiru. Most of the relevant BP Seltrust diamond core is located on site at Teutonic Bore.

The sectional polygonal resource extends some 200 metres beneath the existing open pit. The Teutonic Bore underground decline is sited within, and proximal to, the feeder zone mineralisation extending approximately 120 metres vertically through this resource outline.

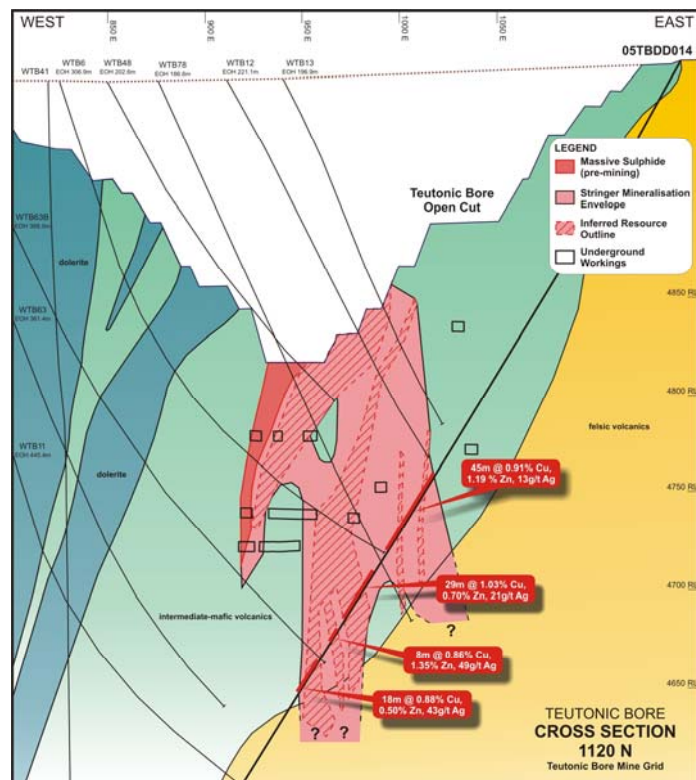


Figure 1 – Teutonic Bore Cross Section

The mineralisation is open at depth and there is potential to increase the resource within and outside the current drill envelope because of the lack of drilling, especially down plunge (Figure 1). The resource estimate does not include remnant massive sulphide mineralisation present at the margins of the mined-out stopes.

Preliminary metallurgy on the diamond hole O5TBDD014 core has been completed, and indicates that a saleable 24% copper concentrate should be achieved at 85-90% recovery.

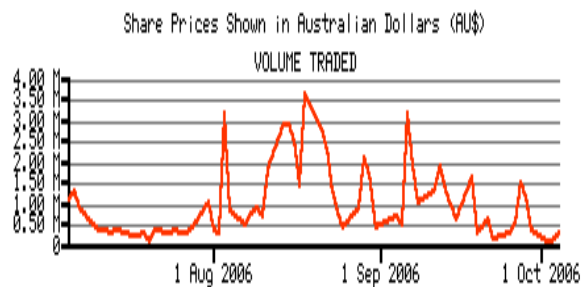
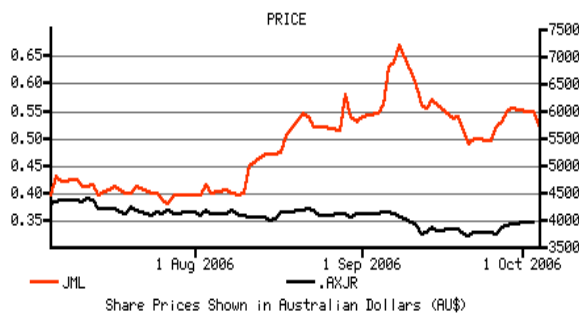
The Teutonic Bore open pit contains water from run off and ground water since completion of mining in 1985. The pit and underground will be dewatered as the prime water source for the Jaguar concentrator from June quarter 2007. The condition of the Teutonic Bore decline is unknown, but was left in a serviceable condition at the completion of mining and would obviously present a very low capital cost access to the feeder zone and the remnant Teutonic Bore massive sulphide if it could be rehabilitated (Figure 1).



Field Technician measuring core.

CORPORATE ACTIVITY

During the September quarter, presentations were made at the prestigious Diggers & Dealers conference in Kalgoorlie and also to financiers and investors both interstate and overseas. The presentations provided an opportunity for the Company to receive some good exposure during the quarter with several articles on Jabiru appearing in the National Press. This attention was also highlighted in the Company's share price which has continued to rise during the quarter.



GENERAL

For further information or to view current information on announcements and results of activities please visit Jabiru's website.

www.jabirumetals.com.au

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neil Martin, Mr Ian Blucher and Mr Scott Donaldson, who are Members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists. They are all full-time employees of the Company. Messrs Martin, Blucher and Donaldson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person's as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Martin, Blucher and Donaldson consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.