



Jabiru Metals
LIMITED

Quarterly Report

for the period ending 30 June 2006

ASX:JML

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

JUNE QUARTER 2006 HIGHLIGHTS

Jaguar Construction

- Underground decline on target for June quarter 2007 production
- Concentrator refurbishment nearing completion
- Concrete foundations 95% complete
- Concentrator steel erection commenced
- Metallurgical testing confirms a saleable concentrate is achievable from the old Teutonic Bore sulphide stockpiles

Jaguar Exploration

- Ground magnetics survey completed
- Aeromag survey completed
- Diamond drilling to recommence August / September 2006

GARY COMB
MANAGING DIRECTOR

28 July 2006

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

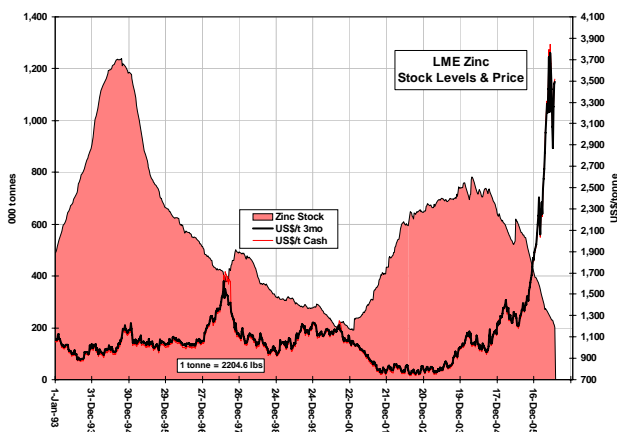
Jabiru Metals Limited (Jabiru) is well on the way to becoming Australia's next zinc and copper producer with the Jaguar Project construction on track to begin concentrate production in the June Quarter 2007.

Zinc and Copper Prices

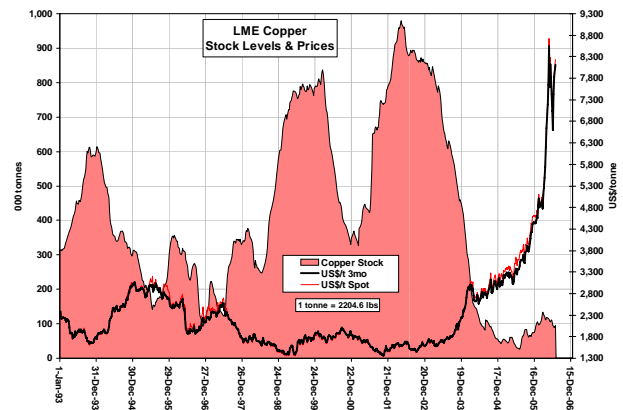
While the zinc, copper and silver prices retraced some of their gains during May, they did so from a very high base, and only retraced a small fraction of their previous gains. The graphs below show that current prices are still very attractive and would make an enormous difference to the Jaguar Project earnings.

Underlying the high zinc and copper prices are very low LME world stockpiles of both metals. In fact, the zinc stockpile has reduced approximately 50% since Christmas, and continues to reduce at the rate of 1,000-2,000 tonnes per day, which, from the current 200,000 tonne stockpile, would indicate significant shortages of metal in the near future.

Jabiru is 100% unhedged.



Source: LME, WilsonHTM



Source: LME, WilsonHTM

Concentrate Markets

The zinc and copper smelting market is in a unique position at the moment, with a shortage of world concentrate supplies. Such a supply / demand shortfall means that smelter Treatment Costs (TC's) are also under pressure, and hence reductions are being negotiated. The shortage of concentrates and the shortage of physical metal means that miners are currently in the unique position of having increased metal prices while achieving lower smelting costs.



Table 1: Jaguar Project Financials

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

CONSTRUCTION HIGHLIGHTS

Summary

- ✓ Boxcut complete.
- ✓ Underground Portal development complete and decline development has progressed 372.5m.
- ✓ Processing Plant civil works 95% complete.
- ✓ Ordering of major processing components 100% complete.
- ✓ Refurbishment of Cadjebut and Black Cat plants nearing completion.
- ✓ Detailed engineering 95% complete.

Underground Mining

At the end of the June quarter the Jaguar underground decline development had progressed 372.5m and is on track to deliver the first ore to the concentrator in the June quarter 2007.

Overall the rock types and ground conditions exposed within the decline are as anticipated in the Bankable Feasibility Study ("BFS") and further improvement in ground conditions is expected as the decline moves into the fresh rock zone (at 125m below the surface) during July.

Decline advance rates for the first three months of the underground at 372.5m is 20% ahead of the 310m scheduled in the BFS for the corresponding period.



Underground portal

Underground Fleet

Jabiru is carrying out underground mining using its own mining fleet as a result of an internal study which demonstrated that this offered the best value and lowest risk to the project.

The mining fleet and crew have performed well during the quarter with no major equipment delays and the operating costs and productivities to date vindicating the decision to operate Jaguar using Company owned equipment.

Recruitment of Personnel

In the current tight labour market throughout the mining industry, Jabiru considers that completion of the recruiting program is a key milestone that will underpin the future success of the operation's development.



Consequently, Jabiru is pleased to announce that it has secured the services of Ray Burring as the Jaguar Concentrator Manager, the final key role to be filled. Ray is an extremely experienced Metallurgical Manager and his resume includes time at both Teutonic Bore and Cadjebut. His background, particularly in the crucial commissioning and ramp up phase of Jaguar will add significant value to the project.

Power Generation

In light of the recent and apparently continuing increases in fuel prices worldwide, Jabiru have commenced negotiations with gas suppliers, specialists in gas pipeline construction and gas fired power station operators with a view to transferring to a gas fired power generating facility at Jaguar for the long term, rather than diesel fired as designed in the BFS. Jabiru believe 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 Jabiru's needs for both the short and longer term.

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

Processing Facility Civil Works

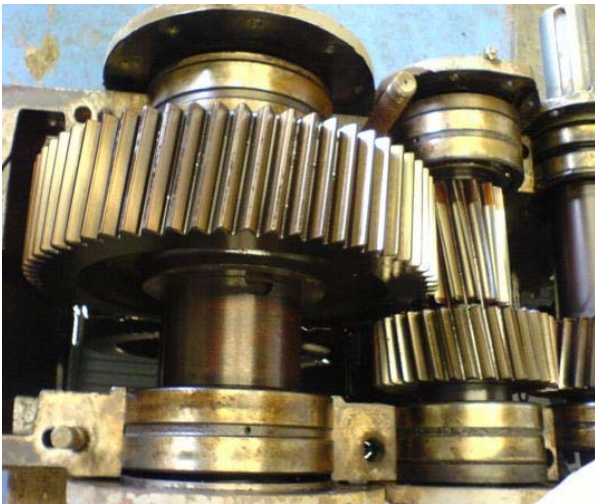
At the end of the quarter, 95% of the concrete and civil works for the concentrator had been completed. The remainder is not considered to be critical path and will be completed early in the September quarter.



Concrete works at Jaguar

Refurbishment of the ex-Cadjebut and Black Cat Plant components

Refurbishment of ex-Cadjebut and Black Cat Plant components is progressing well and is expected to be completed in the September quarter. No significant defects have been noted and Jabiru has been gratified by the quality of the finished product in the refurbishment of the plant to date.



Refurbished mill gear box components

Detailed Engineering

Detailed engineering for the Processing facility was 98% complete by the end of the quarter. The final 2%, consisting mainly of electrical design, will be completed in the September quarter.

Concentrator Construction

Erection of steel work for the concentrator commenced during the quarter. Progress to date is in line with the projected ore availability (June quarter 2007), with the concentrator building, reagents building and conveyor sections beginning to be erected. The September quarter will see the thickeners, SAG and ball mills and other major components installed.



Concentrator Construction Progress

Metallurgical Testing of Teutonic Bore Stockpiles and Tailings Dam

Metallurgical testing of a small portion of the Teutonic Bore sulphide ore stockpiles revealed that this material can produce a viable (saleable) concentrate in the Jaguar concentrator because of the fine grinding capability being installed into the plant.

This result has the potential to significantly enhance the projects economics and further test work will be carried out as a matter of priority in the next six months to determine how to best optimise the commissioning and ramp up schedules with this in mind.

Preliminary metallurgical testing of the Teutonic tailings material suggests that this may also be capable of producing a viable concentrate when treated through the Jaguar concentrator. Further test work is required and this will be carried out over the next six months. In the interim, Jabiru has elected not to proceed with the lift on the existing tailings storage facility but rather to construct an interim independent facility at Jaguar. To this end, application has been made to statutory authorities for the required approval. It is expected that construction of this facility will commence in late August for completion before the end of the calendar year.

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 Amoric 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 Jaguar and Teutonic Bore base metal deposits, including several generated as a result of recent geophysical surveys.

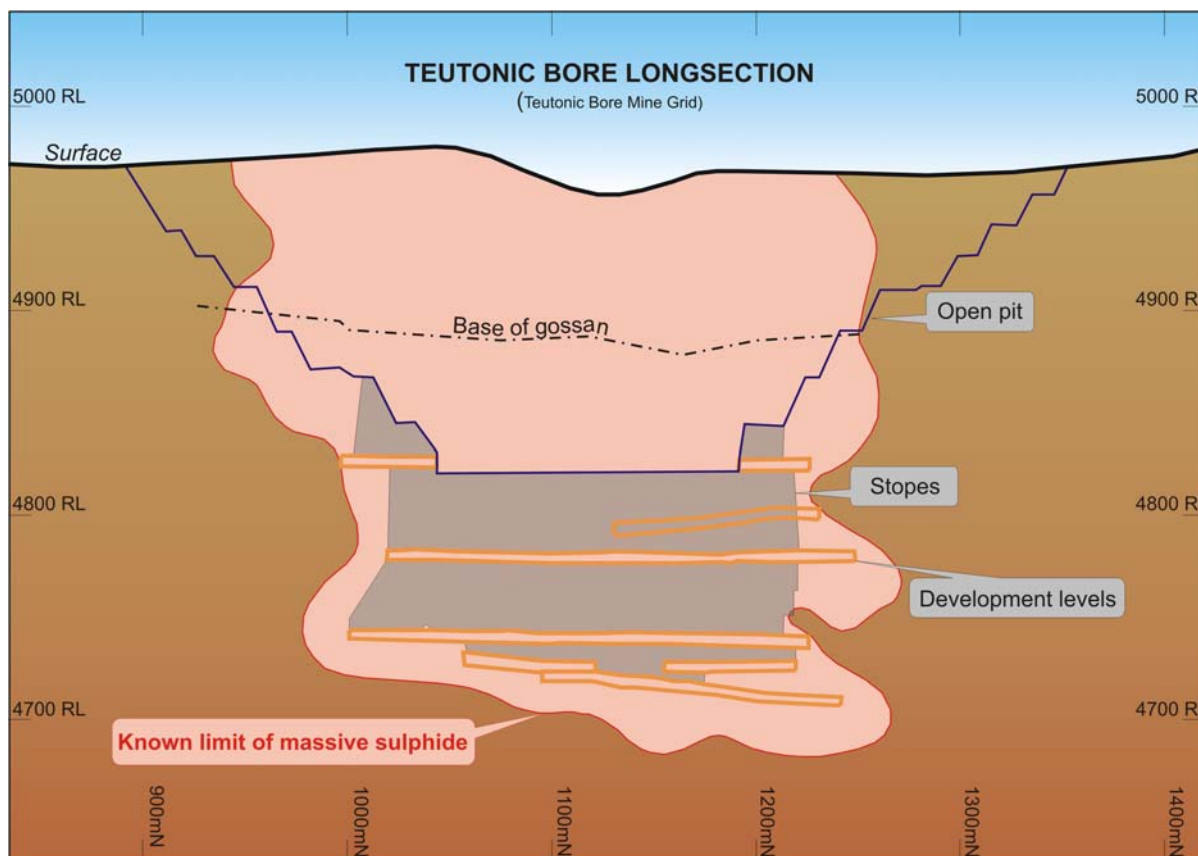
At the end of the quarter a further five diamond

holes for 2923m of diamond drilling had been completed. Several of the drill holes along the Jaguar-Teutonic Bore trend encountered hydrothermal alteration and weak base metal mineralisation, with a best value of 1m @ 3367ppm Zn and 786ppm Pb, consistent with the geological model being developed by Jabiru geologists for the genesis of the Jaguar and Teutonic Bore massive sulphide deposits.

Teutonic Bore – Jaguar Trend

The Jaguar and Teutonic Bore massive sulphide deposits being located ~4km apart and linked by associated alteration of the volcanic host rock succession is consistent with Jabiru's exploration concept that volcanic-hosted massive sulphide deposits can occur in clusters and that the Jaguar and Teutonic Bore deposits formed as the result of a large-scale mineralising system.

Considerable time and effort is currently being spent integrating data from the recent airborne magnetic and radiometric survey with data from the ground EM and IP geophysical programmes undertaken between Jaguar and Teutonic Bore, and with geological and geochemical data that has been compiled from outcrop mapping and drilling.





The resultant geological interpretation that is being developed is identifying regional and mine-scale features that can appear to be linked to the genesis and location of defined base metal mineralisation at Jaguar, Teutonic Bore and Daimler. Similar interpreted features have been identified during this process which have not previously been associated with base metal mineralisation. Hence these features will present additional exploration targets along the Teutonic Bore – Jaguar Trend.

Similarly, the compilation of prospect-scale geological and geochemical data from drilling and surface and underground mapping at Jaguar and Teutonic Bore is leading to a better understanding of what controlled the original location of the massive sulphide lenses during formation. This work is leading to the development of target corridors beneath the Teutonic Bore and Jaguar deposits.



Exploration team

Examination of the Teutonic Bore datasets indicates that only two diamond holes were completed beneath the Teutonic Bore deposit in the early 1980's, and there is plenty of room for more mineralisation at depth. Similarly, only two drill holes have been drilled under the Jaguar deposit to date, one of which encountered two semi-massive to massive sulphide intervals with one assaying 3.1m @ 3.35% Cu, 8.38% Zn, 83.6g/t Ag and 0.90g/t Au (drill hole 05TBDD003 completed in 2005). This mineralisation is considered to be still open along strike and at depth.

Ultimately all of this work is leading toward cost-effective and systematic exploration of the Jaguar-Teutonic Bore trend. Diamond drill testing of targets near the Teutonic Bore and Jaguar deposits will commence again in August / September 2006.

Twin Peaks

A detailed aeromagnetic survey was completed across the Twin Peaks project, with the aim of integrating the collected data with historical geological, geochemical and geophysical datasets to produce a series of exploration targets that could lead to a base metal discovery.

CORPORATE ACTIVITY

During the June quarter presentations were made to investors both interstate and overseas. Oakvale Capital have been appointed treasury advisors due to their expertise in base metal strategic advise and risk management.

Jabiru has negotiated an \$8m hire purchase facility with the ANZ Bank and drew \$4.3m of this in June.

The first drawdown under the \$53.5m debt facility was made by Jabiru on July 5 2006.

GENERAL

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

www.jabirumetals.com.au



Staff at the Jaguar Project

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neil Martin and Mr Scott Donaldson, who are Members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists and both full-time employees of the company. Messrs Martin 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 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.