

Company Snapshot

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ASX Code: JML

Directors

Barry Bolitho - Non-Executive Chairman
Gary Comb - Managing Director &
Chief Executive Officer
Ross Kestel - Non-Executive Director &
Company Secretary

Capital Structure

Shares on issue: 552,619,180
Unlisted Options: 9,770,000
Performance Rights: 7,637,193

PROJECT PIPELINE MATERIALISING

HIGHLIGHTS:

- Zinc C1 Cash Costs negative US\$0.40/lb (after credits)
- Increased Bentley Resource
- Bentley Decline on schedule
- Geraldton Concentrate Shed Construction completed
- Stockman Scoping Study completed
- Stockman Native Title agreement approved by National Native Title tribunal
- Stockman Mining Lease (MIN 5523) granted

COMPANY OVERVIEW

The Jaguar Project benefited from increased metal prices to maintain attractive payable zinc C1 cash costs of negative US\$0.40 per payable pound (after copper & silver credits) in the December 2010 quarter (Q2 FY11) and negative US\$0.56/lb YTD.

Copper metal in concentrate production from Jaguar decreased from the previous quarter's record production to 2,008 tonnes. YTD copper metal production of 4,962 tonnes is in line with the 9,000-10,000 tpa guidance for the full year.

The Jaguar Project Resource inventory was extended with the inclusion of the Stage 3 Bentley mineralisation as an Inferred Resource. This additional mineralisation will be considered for the Reserve after further infill drilling and modelling is completed, and is expected to increase the project life by at least another year even after 2010-11 mining depletion is taken into account.

Jabiru announced that it had commenced the Stockman Definitive Feasibility Study (DFS) after positive economic results from the recently completed Scoping Study. This follows the successful negotiation of a Native Title Agreement and the subsequent granting of a mining lease over the Stockman Project area. The Company has also embarked upon the formal Environmental Effects Statement (EES) permitting process for the project with the Victorian Government, in parallel with the DFS. The Company considers it is well advanced along the approvals path aimed at establishing a very substantial, profitable, long life copper-rich project at Stockman.

At the end of the quarter, Jabiru had cash on hand of \$26.9 million. Combined exploration, feasibility and capital cash expenditure (unaudited) was \$22.6 million in the quarter and \$37.7 million YTD with several major expenditure programs in progress including the construction of Bentley, completion of the Company's new Concentrates Shed at Geraldton Port, ongoing underground development of the Jaguar mine, exploration drilling at Stockman and Jaguar projects, feasibility work at Stockman and the acquisition of additional tenements at the Jaguar Project.

Exploration activities during the quarter focussed on consolidation and planning at the Jaguar Project after the recent acquisition of additional tenure, with the aim of commencing a significant drilling campaign in Q4FY11. Activity at the Stockman Project focussed on infill diamond drilling of the high grade copper and zinc resources that formed the basis of a successful scoping study. Drill testing of additional targets adjacent to the Wilga and Currawong deposits is also planned for Q4FY11.



JAGUAR PROJECT

Jaguar Operations Overview

Jabiru's payable negative zinc C1 costs continued in the quarter, benefiting from even stronger copper and silver credits.

Payable zinc C1 costs were negative US\$0.40/lb (after credits) for Q2FY11. This compares favourably with the quarter average LME zinc price of US\$1.05/lb and confirms Jaguar as one of the world's first quartile cost curve zinc producers.

Jaguar mine development rates increased 15% over the previous quarter as a result of improved plant availability and a modified mine plan, but overall mine production was slightly lower.

Emphasis continued on the development of the Bentley decline where intersection with the ore body line of lode is now expected at least one month earlier in Q4FY11, with first ore production in Q1FY12. Bentley mine development rates increased by ~80% over the previous quarter as the decline commenced the multiple heading development phase a month ahead of schedule.



JAGUAR PROJECT

Table 1: Jaguar Operation Production

	Unit	Q2 FY2011	FY 2011 YTD
Underground Development	metres		
Jaguar Underground		742	1,388
Bentley Underground		969	1,502
Mine Ore Production	tonnes	97,057	200,520
Mine Ore Grade			
Copper	Cu%	2.78	3.24
Zinc	Zn%	5.71	6.84
Ore Treated	tonnes	86,294	180,432
Concentrator Head Grade			
Copper	Cu%	3.00	3.35
Zinc	Zn%	6.04	7.01
Copper Concentrate Produced			
Cu concentrate	tonnes	8,845	21,185
Cu grade			
Cu metal in concentrate	Cu%	22.7	23.4
	tonnes	2,008	4,962
Zinc Concentrate Produced			
Zn concentrate	tonnes	8,024	19,719
Zn grade			
Zn metal in concentrate	Zn%	45.7	46.3
	tonnes	3,665	9,138
Metal Recoveries in Concentrate			
Cu in Cu concentrate	Cu%	78	82
Zn in Zn concentrate	Zn%	70	72
Zn C1 Cash Cost (after credits)	US\$/lb	-0.40	-0.56

The processing data in the table above is sourced from production records and has only been reconciled to include shipments of concentrate to final customers from which final weights and grades have been received. Typically there is a 3-4 month delay between mine site production and final reconciliation for that period. ^a Mining data includes site ore stockpiles and is not therefore considered to be reconciled against final shipments. ^b Recovery differentials are due to rounding head grade and concentrate grade. ^c C1 cash costs per payable lb of zinc after copper and silver credits exclude capital development but include partial reconciliation of metal for YTD as above.



JAGUAR PROJECT

Jaguar Resource & Reserve

Ore widths and grades at Jaguar have been consistent with the resource and the reserve models. This provides a high degree of confidence in the Jaguar Project Resource and Reserve model for the future.

A resource upgrade (Stage 3) was announced in December 2010 (Table 2, Figure 1), when mineralised material below the current Bentley resource was modelled and classified under the JORC code. The Stage 3 resource material is classified as Inferred and will be incorporated into the project Reserve calculation once further in-fill drilling and modelling is completed. This extra Mineral Resource is expected to more than replace reserves depleted by mining this year.

The Bentley and Jaguar mineralised systems both remain open at depth.

Jaguar Underground Mining

Jaguar underground development rates increased significantly and a substantial portion of the mine production in the quarter was sourced from development (~35%).

Mined grades decreased from the previous quarter as a result of:

- Mining a higher grade copper mineralisation block in the previous quarter;
- Zinc grades decrease naturally at depth within the Jaguar resource;
- A higher percentage of ore was sourced from lower grade development ore; and
- A significant proportion of ore was sourced from the more variable southern area of the ore body.

The Company completed the purchase of two new underground loaders, a near new loader, a new underground truck and completed a major refurbishment of another underground loader as part of a planned fleet replacement program. This expenditure recognises the extended project life announced during the previous quarter.

Bentley Underground Development

The December 2010 announcement of a further upgrade to the Bentley underground Resource supports Jabiru's view of a long life for the Jaguar Project, particularly as the latest Reserve estimate for Bentley does not yet include Stage 3 Inferred Resources.

At the end of the quarter the development of Bentley is progressing on schedule and on budget. The decline now extends 871.4 metres from the portal.

The Company has commenced multiple-heading development at Bentley a month earlier than expected as the result of a mine design optimisation program implemented during the quarter. This program will result in operational improvements and longer term operating cost savings.

Consequently, the Company now expects to access the ore body line of lode (strike extension) in June, with first ore to be produced in Q1FY12.

JAGUAR PROJECT

Jaguar Concentrate Production & Metallurgy

Processing rates and recoveries were reduced from the previous record quarterly production as a result of a number of factors including firstly, the progressive failure of the on stream analyser probe. This probe was replaced in late December but will require a number of weeks to fully calibrate.

Secondly, the higher levels of dolerite from development and southern stope ore require more energy/lower throughput rates, to produce the required grind size. The harder, coarser mill feed also resulted in slightly lower metallurgical recoveries and less optimum concentrate grades. From late 2011 most development ore will be treated through the planned Heavy Media Separation (HMS) plant and from now on the operation will stockpile most material of this type for future HMS pre-treatment rather than feeding it directly to the mill.

Jaguar Concentrate Shipping

Copper concentrate shipped in Q2 FY11 totalled 10,039 dmt grading 24.3% copper and 387 g/t silver. Zinc concentrate shipped totalled 9,882 dmt grading 46.4 % zinc. At the end of the quarter sufficient concentrate was stockpiled for an early January copper shipment with the next zinc shipment planned for mid January. YTD shipments have been delivered as budgeted both in quantity and quality and at higher metal prices, particularly copper and silver.

Construction of the new concentrate storage and handling facility at the Port of Geraldton was completed late in the quarter. The Company will commence the use of this facility in the 3rd quarter as planned. The Geraldton shed incorporates modern and sophisticated environmental engineering managing systems and will ensure that Jabiru has direct access to the Geraldton Port concentrate loading facilities.

Table 2: Bentley Mineral Resource (November 2010)

Mineralisation Type	Classification	Tonnes	Cu %	Zn %	Pb %	Au g/t	Ag g/t
Massive Sulphide	Indicated	1,342,000	1.9	15.4	1.0	0.8	184
Stringer Sulphide	Indicated	961,600	1.7	2.3	0.1	0.3	34
Total Indicated		2,303,600	1.8	9.9	0.6	0.6	122
Massive Sulphide	Inferred	576,000	3.0	11.7	0.9	1.2	231
Stringer Sulphide	Inferred	166,000	1.8	1.5	0.1	0.5	55
Total Inferred		742,000	2.7	9.4	0.7	1.0	191
Total Indicated + Inferred		3,045,600	2.0	9.8	0.6	0.7	139

Note: Cut-off grades used are 0% for massive sulphide and 0.5% Cu for stringer mineralisation.

Long Section-Bentley

Jaguar Mine Grid

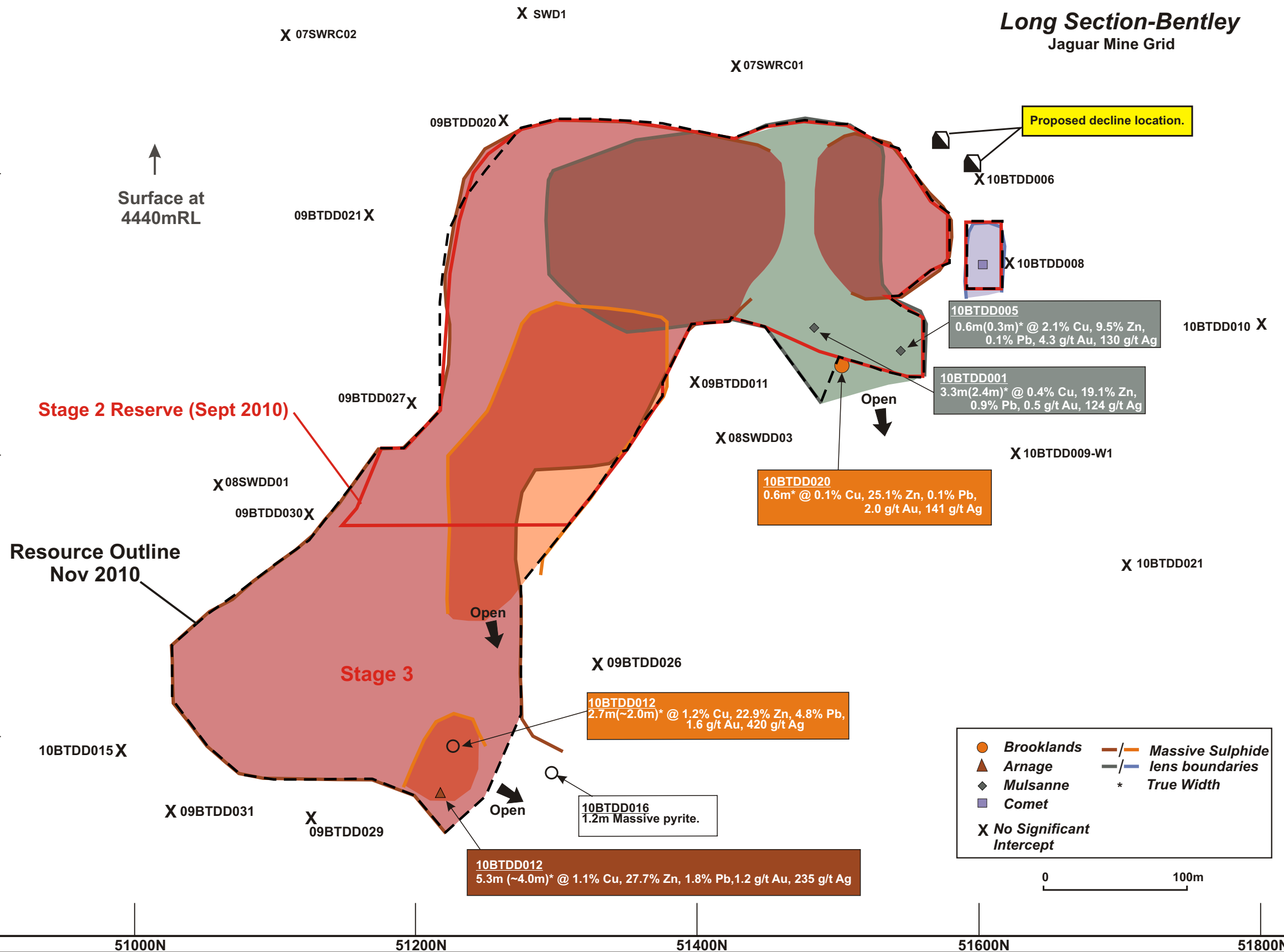


Figure 1. Bentley Resource Long Section

STOCKMAN PROJECT

Stockman Project Feasibility & Development

During the quarter the Company announced the results of the Stockman Project Scoping Study. The positive study outcome provided the Board with confidence to immediately approve commencement of a Definitive Feasibility Study (DFS), due for completion in Q2FY12.

The Scoping Study indicates that the project is economically and technically robust. The economic model was based upon an annualised operating capacity of ~950,000 tpa, to produce 126,000 tonnes of copper, 4.2 million ounces of silver and 96,000 ounces of gold in copper concentrate and 206,000 tonnes of zinc in zinc concentrate over its initial 7-8 year life.

The study was based upon the higher grade copper and zinc domains within the defined JORC classified resources. The mining sequence targets early production from the high grade copper ore zone, which at the study prices provides an annual operating cash flow of ~ \$70 million, followed by the higher grade zinc zone, which provides an annual operating cash flow of ~ \$ 50 million.

The remainder of the Stockman JORC compliant resource was not considered in the Scoping Study and remains as potential concentrator feed after the initial Project life.

Key highlights from the Scoping Study were as follows:

- Initial Project life of 7-8 years with significant upside potential from unmined resource and lens extensions;
- Annual free operating cash flow of ~ \$70 million for first 5 years and ~\$50 million per annum thereafter;
- Significant exposure to gold and silver as project credits;
- Project development CAPEX of ~\$185 million;
- No deductions made in the Study for plant the Company already owns, purchase of 2nd hand plant, alternatives to diesel power, other capital/operating cost reduction, or revenue enhancement opportunities, all of which have been identified;
- Native Title agreement with the Gunai/Kurnai Group approved by National Native Title tribunal; and
- Mining Lease (MIN 5523) granted.

EXPLORATION ACTIVITIES

JAGUAR PROJECT EXPLORATION

Teutonic Bore Diamond Drilling

Diamond drilling at the Teutonic Bore prospect was completed during the quarter with the aim of following up on significant alteration and low-grade but encouraging mineralisation encountered below the defined mineral resource during earlier phases of drilling. An additional four holes were completed during the quarter (10TBDD003-6), three of which intersected zones of moderate to intense hydrothermal silica-sericite alteration and minor sulphide mineralisation in the equivalent to the Teutonic Bore ore position; however no economic mineralisation was encountered. Down-hole electromagnetic (DHEM) surveys have been completed on several of the holes and the data is currently being processed. Additional work is planned in the first quarter of 2011 with the aim of identifying possible vectors to ore within the wide spaced drilling that may in turn lead to additional drilling.

Regional Air Core Drilling

A program of 131 aircore drill holes was undertaken for 7,325 metres during the quarter to infill and extend bedrock geochemical coverage through the project area. This is a precursor to additional drilling planned for 2011 aimed at firming up additional targets for diamond drill testing.

Jaguar Project Future Exploration Program

The work program during the first quarter of 2011 will focus on integration and consolidation of recently acquired data as a result of recent drilling and acquisition of additional tenure. It is anticipated that drilling will recommence in Q4FY11.



EXPLORATION ACTIVITIES

STOCKMAN PROJECT EXPLORATION

Diamond drilling of the Currawong and Wilga deposits recommenced (9 holes for 2,359 metres) with the aim of better delineating the high grade metal domains within the massive sulphide deposits and for the additional purpose of gathering samples for metallurgical and geotechnical test work as part of the recently commenced mine feasibility study.



CORPORATE ACTIVITIES

Cash and Debt

The cash and cash equivalents balance at 31 December 2010 was \$26.9 million. The cash position was enhanced in the quarter with the execution of a prepaid silver hedge financing with ANZ Bank. Under the silver financing agreement, Jabiru received a US\$5 million up-front cash payment in return for forward sales of 180,000 ounces of silver over the period September 2012 to June 2013. This represents approximately 25% of forecast payable silver production over that period.

At 31 December 2010 interest bearing liabilities were \$6.7 million, bank debt was nil, and the outstanding balance of prepaid silver hedges was 716,368 ounces (inclusive of the additional 180,000 ounces placed during the quarter). The interest bearing liabilities are comprised of equipment lease finance contracts.

Table 3: Jabiru Hedgebook as at 31 December 2010

		FY 2010/11		FY 2011/12		FY 2012/13		
	Units	H2	H1	H2	H1	H2	Total	
METAL POSITIONS								
Copper								
US\$ sold forward contracts	tonnes	3,500	850	-	-	-	4,350	
Average Price	US\$/t	7,405	6,636	-	-	-	7,255	
Zinc								
US\$ sold forward contracts	tonnes	4,375	3,100	2,375	-	-	9,850	
Average Price	US\$/t	2,126	2,040	1,961	-	-	2,059	
Silver								
US\$ silver forward contracts	oz	187,209	195,893	153,266	100,000	80,000	716,368	
Average Price	US\$/oz	19.53	19.54	19.54	27.83	27.83	21.62	
CURRENCY (A\$:US\$)								
A\$ call/US\$ put options								
US\$	US\$	21,000,000	11,500,000	8,000,000	-	-	40,500,000	
Weighted Average A\$:US\$ rate	A\$:US\$	0.941	0.907	0.907	-	-	0.924	
A\$ Collars								
Bought A\$ call options	US\$	8,000,000	13,500,000	14,000,000	-	-	35,500,000	
Sold \$A put options	US\$	6,000,000	13,500,000	14,000,000	-	-	33,500,000	
Bought A\$ call strike	A\$:US\$	0.891	0.937	0.935	-	-	0.925	
Sold \$A put strike	A\$:US\$	0.713	0.759	0.786	-	-	0.761	
A\$ Forward Contracts								
US\$	US\$	10,000,000	1,000,000	2,000,000	-	-	13,000,000	
Weighted Average A\$:US\$ rate	A\$:US\$	0.929	0.856	0.841	-	-	0.908	

COMPETENT PERSON STATEMENT

The information in this report that relates to Bentley Ore Resources and exploration results is based on information compiled by Neil Martin who is a member of the Australian Institute of Geoscientists and is a full-time employee of the Company. Mr Martin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources & Ore Reserves'. Mr Martin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BENTLEY RESOURCE – November 2010

Mineral Resource Estimate Parameters

Geological setting	Bentley is a V(H)MS style deposit, occurring as polymetallic (pyrite-sphalerite-chalcopryite-galenite) massive sulphide mineralisation within a volcano-sedimentary succession. Intrusion by tholeiitic dolerite has led to disruption of the original massive sulphide lenses into three or more discrete lenses (Arage, Mulsanne and Brooklands).
Drilling techniques	Principally diamond drilling with the exception of several RC precollars. Holes were drilled by Titeline Drilling Pty Ltd and Boart Longyear Pty Ltd. One of the RC holes has been used in the resource estimate but the resource based upon it was classified as Inferred. The surface diamond drilling is a mixture of HQ and NQ core sizes.
Drillhole Spacing	Diamond drill coverage at Bentley is on a nominal 50x50m pattern. Minimum hole spacing ~10m where wedge holes have been drilled, while the maximum hole spacing does not exceed 70m.
Drillhole Collar Positions	Drillhole collar positions were surveyed by company surveyors using RTK GPS equipment. All resource work has been conducted on local mine grids.
Drillhole directional control	Dip and Azimuth readings – good quality surveys using downhole camera shots at about 30m intervals for the initial exploration program, while a gyro survey tool was used for the follow-up resource definition programs.
Geometry of intercepts	Surface drilling intersects the massive sulphide lenses almost perpendicular to the lens orientation at Bentley, and at a mean angle of 45-50 degrees to the sulphide veins in the Stringer Sulphide domain. 09BTDD015 and 09BTDD017 were drilled down dip and along strike of mineralisation to test for dolerite bodies and faults that might not have been intersected by drilling perpendicular to the orebody. These holes have not been used in the resource estimate.
Sampling techniques	Core sampling between the exploration and resource definition phases of drilling differed in the sample size with sampling during the exploration phase (September 2008 to February 2009) being ¼ NQ core, and in the resource drilling programs being ½ NQ core or ¼ HQ core. In both drill programs, the minimum sample length was set at 0.3m, while the maximum sample length was 1.5m. Core was cut with an automated core cutter after orientation and markup.
Data spacing and distribution	The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied.
Sample preparation and assaying	The sample preparation method was to dry the core in ovens overnight (105°C), then jaw crush the samples to a nominal minus 10mm size. After crushing, the samples were pulverised in a mixer mill in a single stage mix and grind process (SSMG) to a nominal 85% passing 75 micron. Any samples that exceeded the 3kg mill limit were riffle split prior to the pulverising stage. At exploration stage, assay for Cu, Pb, Zn, Ag and Fe was by four-acid digest involving hydrofluoric, nitric, perchloric and hydrochloric acids and analysis by Flame Atomic Absorption Spectrometry (AAS), while Au was analysed by fire assay with AAS finish. Assay techniques in the resource definition program consisted of four-acid digest with AAS finish for base metals to 0.01% detection limits, while Ag used four-acid digest with an MS finish to 0.2-1ppm detection limit. Au was analysed by 50g fire assay to 0.01ppm detection limit. The assay techniques used are considered appropriate for this type of mineralisation.
Audits or reviews	Database integrity was maintained through the use of validation routines built in to the Acquire database software. The database was checked graphically in the Surpac software before resource estimation. Spurious density values were re-measured and the database was updated.
Sample compositing	Samples were composited to 1m downhole composites with length and density weighting.
Density	JML performed density testwork on most samples that were submitted to the laboratory for assay. All density measurements have been determined using the simple water immersion technique. The assays for Cu, Pb, Zn and Fe were combined and compared with the measured densities and regression lines determined for massive sulphide and stringer domains. A calculated density was assigned to those samples without their own density measurement. Density was interpolated into the block model using Ordinary Kriging.
Quality Control procedures	Quality control procedures included the insertion of standards, blanks, cross-lab checks and same lab checks. The blank samples allowed detection of low order sample contamination at the laboratory during sample preparation, particularly Zn contamination. Check samples identified an underestimation of Ag by Genalysis and poor to moderate precision for Au. Both these issues are being addressed by JML however the Cu, Zn and Pb analyses were shown to be reasonably accurate and precise and no consistent bias was observed for these elements. Wildfire is satisfied that Cu, Zn and Pb analyses are suitable for resource estimation and that JML is going to investigate further into Au and Ag analytical methods to improve results.
Drill sample recovery	Core sample recovery was good to excellent, being consistently >90%.
Geological logging and photography	Core was photographed both dry and wet and copies of the digital images stored on the Jaguar minesite server. Geological logging is adequate for resource estimation.
Geological interpretation	Confidence in the geological interpretation for Bentley is high, with the mineralisation and geological setting being simple, and the drilling confirming the interpretation. Good geological cross-sectional interpretations were available to guide modelling of the mineralisation. The mineralisation was dominated into massive and stringer domains. The main factors controlling continuity at Bentley are a series of post-mineralisation dolerite intrusives which are interpreted to be disrupting the lenses.
Dimensions	Arage (Main Lens) is about 400m long, 500m vertical extent, and approximately 8m thick. Mulsanne is about 250m long, 140m vertical extent, and approximately 3m thick. Brooklands is about 150m long, 200m vertical extent, and approximately 5m thick. Mineralisation was modelled from 240m below surface to a depth of approximately 700m below surface.
Estimation and modelling techniques	Ordinary Kriging was used for grade estimation utilising Surpac software. Search parameters were derived from variogram models for each element. Grade estimation was constrained to each of the massive sulphide and stringer sulphide lens wireframes. A 5m waste envelope was generated around all mineralisation wireframes and estimation was achieved using the inverse-distance-squared algorithm on 1m composites. The waste skins have not been reported in the resource estimate.
Block modelling	Parent cells of 5mX, 10mY, 5mZ cell size with sub-cells of 0.625mX, 1.25mY, 0.625mZ. This parent cell size is considered suitable for drilling on a 50x50m pattern. The subcelling allows for better resolution and therefore better tonnage estimation in the narrow zones.
Moisture	No samples were tested for moisture content. All sampled core was from well below the oxidised rock profile. The samples were considered impermeable and moisture content is expected to be well below 1%.
Cut-off grades, top-cut grades	No cut-off grades have been applied to define the massive sulphide domain. A lower assay cut-off of 0.3% Cu or 1% Zn was applied to define the stringer mineralisation domain. A block cut-off grade of 0.5% Cu was applied to the stringer zone for resource estimation and was based on estimated mining and processing costs and recoveries for the Jaguar Operation, plus an alternative pre-flotation processing method. Following a review of the composite sample data, a high grade cut of 15% was applied to Cu and 4.6% for Pb within the massive sulphide domain, while high grade cuts were applied to Zn (13%), Cu (8%), Pb (0.7%), Ag (175g/t) and Au (2.3g/t) within the stringer mineralisation domain.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made for the massive sulphide. No assumptions about metallurgical treatment processes and parameters have been made for the massive sulphide. An estimate of mining and processing costs and recoveries based on the Jaguar Operation, plus an alternative pre-flotation processing method, were made for the stringer sulphide domain to aid in determining a lower cut-off grade parameter.
Previous mine production	A box cut has been completed and a decline is being developed however there has been no mining of the Bentley mineralisation as yet.
Classification	The average drill hole spacing in the main portion of the resource is approximately 50m along strike and variable between 30m and 50m down dip. This spacing and confidence in the geological interpretation is considered adequate to allow classification of the resource as an Indicated Mineral Resource. Where the drill spacing is greater than this an Inferred classification has been assigned.
Tenement and land tenure status	The Bentley prospect is within M37/1290 and is wholly owned by Jabiru Metals Ltd (Jabiru). There is no native title claim over the area.
Audits or reviews	No external review has been conducted for this resource estimate at this time.
Further work	Infill drilling to a closer-spaced pattern will be commenced in 2011.

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