JABIRU METALS LIMITED ANNUAL REPORT 2010

Jabiru Metals
LIMITED

who are we?

Jabiru Metals Limited (Jabiru) is an Australian resources company whose key products are zinc and copper sold to refineries in the form of zinc concentrate and copper concentrate. Jabiru's copper concentrate also contains significant silver credits and a small amount of gold.

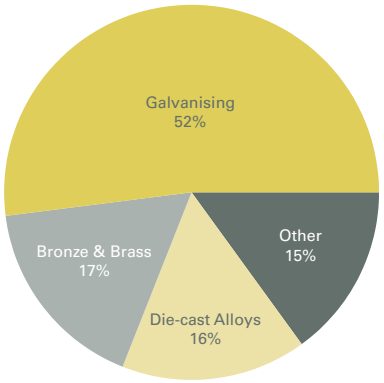
Zinc (Zn) is atomic number 30 on the periodic table. Its major application is in the corrosion resistance of steel through zinc plating. Other uses of zinc include the making of batteries and alloys such as brass.

Copper (Cu) is atomic number 29 on the periodic table. Copper is malleable and ductile and is a good conductor of both heat and electricity. It is therefore used extensively in products such as piping (for plumbing, refrigeration and air conditioning), electrical applications such as copper wire, household products such as cookware, and coinage. It is also used in electroplating and as an additive in various chemicals and alloys. Copper is 100% recyclable and it is estimated that 80% of the copper ever mined is still in use today.

Jabiru has significant expertise in exploring, mining and processing of volcanogenic massive sulfide (VMS) style metal deposits. The Company currently operates the 100%-owned Jaguar Project which processes ore from the Jaguar underground mine and is also currently developing the nearby Bentley mine. Ore is processed on site at the Jaguar concentrator and is transported by truck 720km to the Port of Geraldton, located midway on Australia's west coast. There, it is held in inventory until loaded onto ships and delivered to customers.

Ships carrying between 20,000 to 40,000 tonnes of concentrate are commissioned by Jabiru to take the product to customers located in Japan, China, Korea and Thailand. Jabiru is paid for the metal content within the concentrate, minus charges for refining and treatment.

The Company's projects also include its 100% Jabiru-owned Stockman Project in Victoria. Stockman has a significant VMS copper, zinc, silver and gold resource that Jabiru is working towards bringing into production. The Stockman Project is in the advanced exploration stages, with Jabiru having defined significant resources and engaged in further exploration drilling programs, mining and mineral processing studies, and satisfying state requirements for a mining license in Victoria. Jabiru also has a number of greenfields exploration properties in Australia.



World Zinc Consumption by Use

contents

Corporate Directory

AUSTRALIAN COMPANY NUMBER:

ACN 060 620 751

ABN 51 060 620 751

STOCK EXCHANGE LISTING:

Jabiru Metals Limited shares are listed under code 'JML' on the Australian Securities Exchange

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Perth, WA, 6000

The upcoming year will be one of growth for Jabiru…

board and management team

Board of Directors

BARRY BOLITHO
Non-executive Chairman
B App Sc, Dip App Chem,
F Aus IMM

GARY COMB
Managing Director
BE Mech, BSc, Dip Ed

ROSS KESTEL
Non-executive Director and Company Secretary
ACA, FCPA, AICD

Executive Management Team

NEIL MARTIN
Exploration Manager
BSc, PhD

PADRAIG O'DONOGHUE
Chief Financial Officer
B.Com, CA

SCOTT DONALDSON
Chief Operations Officer
BSc

Performance Overview

- 85% increase in reserve tonnes at Jaguar Project
- Started development of Bentley, Jabiru's second underground mine
- Zinc C1 cash cost of US$0.06/lb after credits versus US$0.94/lb average LME price
- Net earnings of $17.6 million, operating cash flow of $36.6 million
- Cash balance of $34.3 million and no debt
- Commenced construction of the concentrate storage and ship loading facility at Port of Geraldton

chairman's letter

Last year in my Chairman's letter I outlined how the Company prudently managed its assets and finances and positioned itself for growth during a year with particularly challenging global economic conditions. This year I am pleased to report that Jabiru built on this platform for growth and ended the year with a significantly larger resource and reserve base. In addition, the Company's financial results reflect the ability of its mining assets to generate profits and cash flow.

Net earnings after tax were $17.6 million for the 2010 year, and provided a return on net assets of 20%. Cash flow from operating activities was $36.6 million and net cash flow, after funding of capital purchases and exploration, was $4.5 million. The Company finished the year with a healthy balance sheet position with $34.3 million in cash and no bank debt.

In April of this year, the Board approved construction at Bentley, Jabiru's second underground mine, located just 4.6km from the Jaguar mine. Bentley builds on Jabiru's key strength of finding, mining and efficiently processing high grade volcanogenic massive sulphide (VMS) ore bodies.

At the Jaguar Project, Jabiru had a number of notable successes during the year. Production of copper concentrate approached 40,000 tonnes and zinc concentrate production exceeded 56,000 tonnes. Zinc C1 cash costs after copper and silver credits for the year were US$0.06 per pound versus an LME average price per pound of US$0.94. Exploration within the Jaguar underground mine resulted in replacement of 47% of mined reserves during the year. Jaguar underground development stayed well ahead of current mining areas allowing flexibility in the mine plan.

The Jaguar Project is now also well-positioned to be a long-life cash-generating asset for Jabiru. Bentley, the second mine at the Jaguar Project, is expected to be ready for production of ore during the September quarter of next year. The Bentley decline is advancing on schedule with excellent ground conditions. Reserve tonnes at the Jaguar Project increased 85% over the year to 2.05 million tonnes at year end representing more than five years of mine life at current processing rates. Resources at the Jaguar Project increased 83% over the year to 4.68 million tonnes (inclusive of reserves) and the Company has communicated its intent of converting resources to reserves targeting eight years of mine life.

VMS-style deposits are mineral rich but with complex mineralogy. Concentrate production and metal recoveries at the Jaguar concentrator have been steady and predictable over the past two years, demonstrating Jabiru's technical understanding and execution ability in dealing with this complex mineralisation. Test work on ore from Bentley confirms the Jaguar concentrator will produce high-quality copper and zinc concentrates from Bentley which will be attractive to Jabiru's customers.

The Jaguar Project tenement holding is located along 25km of world class VMS mineralisation belt. VMS deposits form in clusters and Jabiru's exploration team has several prospective undrilled target areas within this land holding. During the past year exploration activity focused on Bentley in order to increase the resource size and definition. Exploration at the Jaguar Project will now transition to drill programs aimed at finding the next mine.

With Bentley rapidly heading towards becoming a producing mine, Jabiru's feasibility team will allocate more resources to progressing feasibility studies and approvals work for the Stockman Project in Victoria. The Board believes that the upcoming stages of work on the copper rich Stockman Project will lead to a decision to proceed with a bankable feasibility study. Jabiru also intends to use its relative knowledge advantage of VMS deposits by investing in greenfield exploration activities with a focus on areas with VMS mineralisation potential.

Construction of Jabiru's concentrate shed at the Port of Geraldton is underway with completion expected in the December quarter of this year. Construction of this shed is a strategic step towards lowering the Company's risks related to cost and access to storage and loading facilities which are in tight supply at the Port of Geraldton. It also provides more flexibility to optimise Jabiru's concentrate transport and storage costs.

The upcoming year will be one of growth for Jabiru with significant expenditure programs on Bentley, Stockman and continuing the exploration drilling at the Jaguar Project. Jabiru will also continue with its disciplined hedging program to underpin cash flow from sales of its products.

In closing I would like to thank the management team and employees for their efforts in making this a successful year and express my confidence in their ability to maximise the potential of the Company's assets in the coming year.

Barry Bolitho
Chairman

Jabiru places strong emphasis on maintaining a workplace where employees can operate safely

OHS & training and community

Occupational Safety (OHS) and Training

Table 1: Lost Time & Medical Treatment Injury Frequency Rate

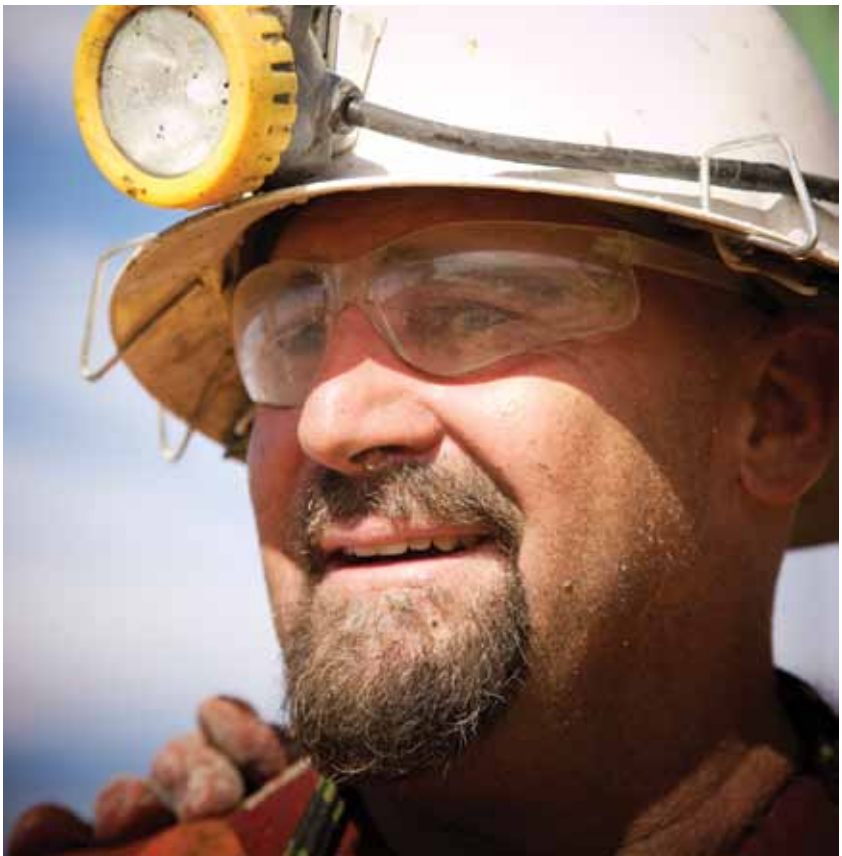
	2008	2009	2010
Medical Treatment Injuries Frequency Rate	22	32	30
Lost Time Injuries Frequency Rate	2.0	7.6	3.8

Jabiru places strong emphasis on maintaining a workplace where employees can operate safely and we consider the safety and wellbeing of our people our number one priority. Developing the capabilities and awareness of our workforce are key factors in achieving a zero Lost Time Injury (LTI) rate. This approach enhances workers' experiences on the job and allows for improved career progression, as well as bolstering shareholder value by increasing operational efficiency.

During the year, a focus on safety observation and recognition saw an ongoing reduction in Lost Time and Total Recordable Injuries to below industry averages as shown in Table 1. The Lost Time Injury Frequency Rate (LTIFR) decreased from 7.6 in 2009 to 3.8 in 2010 with only two LTIs. Whilst low by industry standards and showing improvement, this did not meet our target of zero LTIs for the year.

Jabiru believes that a sustained improvement in overall safety performance must be driven by the people directly involved in the work, and therefore encourages a consistent and committed effort from our people. Jabiru acknowledges the input of all of our employees over the past few years in the drive to improve the Company's safety culture.

Jabiru has supported our people's efforts through a combination of measures. Firstly, all employees are required to take part in comprehensive training designed to ensure that personnel have the skills and knowledge to carry out their duties safely and productively. Secondly, leadership training is in place to empower supervisors and managers with higher skill levels and to improve their ability to make timely and astute assessments and decisions. Thirdly, Jabiru enforces a routine workplace inspection program designed to involve all employees in recognising and reporting potential safety defects or improvements in their workplaces. Additionally, Jabiru has established safety and emergency first aid training programs, allowing all employees the opportunity to improve their skills in these areas.



Community

In 2009-2010, Jabiru continued its commitment to enhancing the economies and liveability of the communities where the Company operates. At both our Stockman and Jaguar Projects, Jabiru remains one of the larger employers in the local regions. As such, the Company has strived to establish and maintain enduring ties with the Omeo community in Victoria and the Leonora community in Western Australia.

During the past year Jabiru has been a strong supporter for important community initiatives. In Omeo, Jabiru provided a cornerstone donation to the Omeo Bush Fire Brigade for a new fire fighting tender. In Leonora, Jabiru joined with ET Mining Services to arrange for a student sports coaching clinic at Leonora School, attended by John Mitchell and Tom Hocking of the Western Force Super 14 Rugby Team. Also in Leonora, Jabiru provided sponsorship for the annual "Friends" camp at Morapoi Station for children aged 6-13. This camp promotes character building qualities aimed at building stronger families and communities through the media of games, storytelling, aboriginal cultural activities and sports.

As part of its community involvement, Jabiru has maintained a strong focus on local indigenous employment. Through a successful relationship with a locally owned business (Bundarra Contractors), Jabiru has carried out a number of projects including:

- Earthworks lift to the existing Jaguar tailings dam;
- Major haul road construction (5km) from Jaguar to Bentley; and
- Construction of the Bentley infrastructure including water retreatment dams, office and workshop pads, electrical compound and fencing.

These projects utilised nearly 100% local workforce and provided a useful training ground where local indigenous people have the opportunity to learn new skills and generate successful employment histories. All of these projects have been completed on time and on budget, demonstrating the teams' technical and management capabilities.

Figure 1: Bundarra Contractors at the Jaguar Project

financial review

Jabiru held cash and cash equivalents at 30 June 2010 of $34.3 million, representing a $5.8 million increase in cash during the year, and had no debt.

Table 2: Summary Results for the Year

	2010 Year	2009 Year	
	$ millions	$ millions	% change
Sales Revenue	106.9	65.2	64%
Profit (loss) before interest, derivatives, tax, depreciation and impairment	39.5	(28.6)	238%
Depreciation expense	(7.8)	(18.5)	(58%)
Impairment of property plant and equipment	-	(86.1)	(100%)
Net (loss) gain on derivative financial instruments	(14.1)	72.2	(119%)
Profit (loss) before interest and tax	17.6	(61.0)	129%
Net interest expense	-	(1.3)	(97%)
Income tax expense	-	-	-
Net profit (loss)	17.6	(62.3)	128%

Sales revenue of $106.9 million for the 2009-2010 year was 64% higher than the previous year. This improvement reflects significantly higher metal prices during the year and 14% more zinc tonnes sold. The quantities of copper and silver sold were slightly lower than in the previous financial year.

Profit before interest, derivatives, tax, depreciation and impairment for the year was $39.5 million. This figure is a significant improvement on the $28.6 million loss of the previous year. This profit figure resulted from higher sales revenue and lower production costs.

Depreciation expense was 58% lower than the previous year, reflecting the lower net book values of depreciable assets after the $86.1 million impairment charge recorded midway through the previous year.

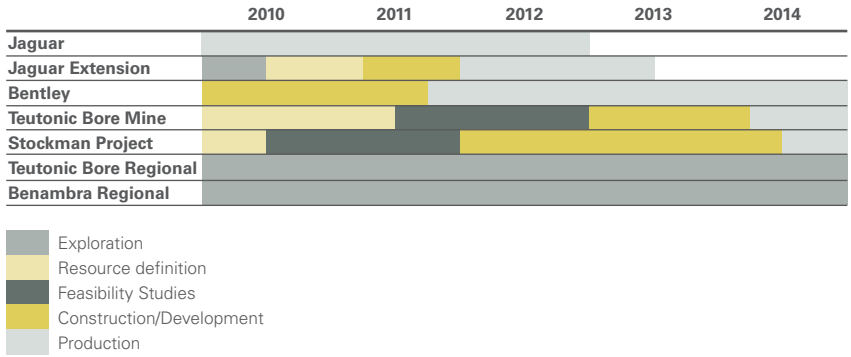
Jabiru achieved a profit after tax of $17.6 million for the year. This figure compares very favourably to a net loss after tax of $62.3 million for the previous year.

Jabiru reported net cash flows of $36.6 million from operating activities for this financial year versus $52.2 million for the previous year. The previous year's result includes $73.6 million of cash receipts on derivative financial instruments, the majority of which relates to Jabiru's decision in March of 2009 to settle the derivatives with bank counterparties for the purpose of repaying debt.

Jabiru held cash and cash equivalents at 30 June 2010 of $34.3 million, representing a $5.8 million increase in cash during the year, and had no debt.

project development

Figure 2: Project Pipeline



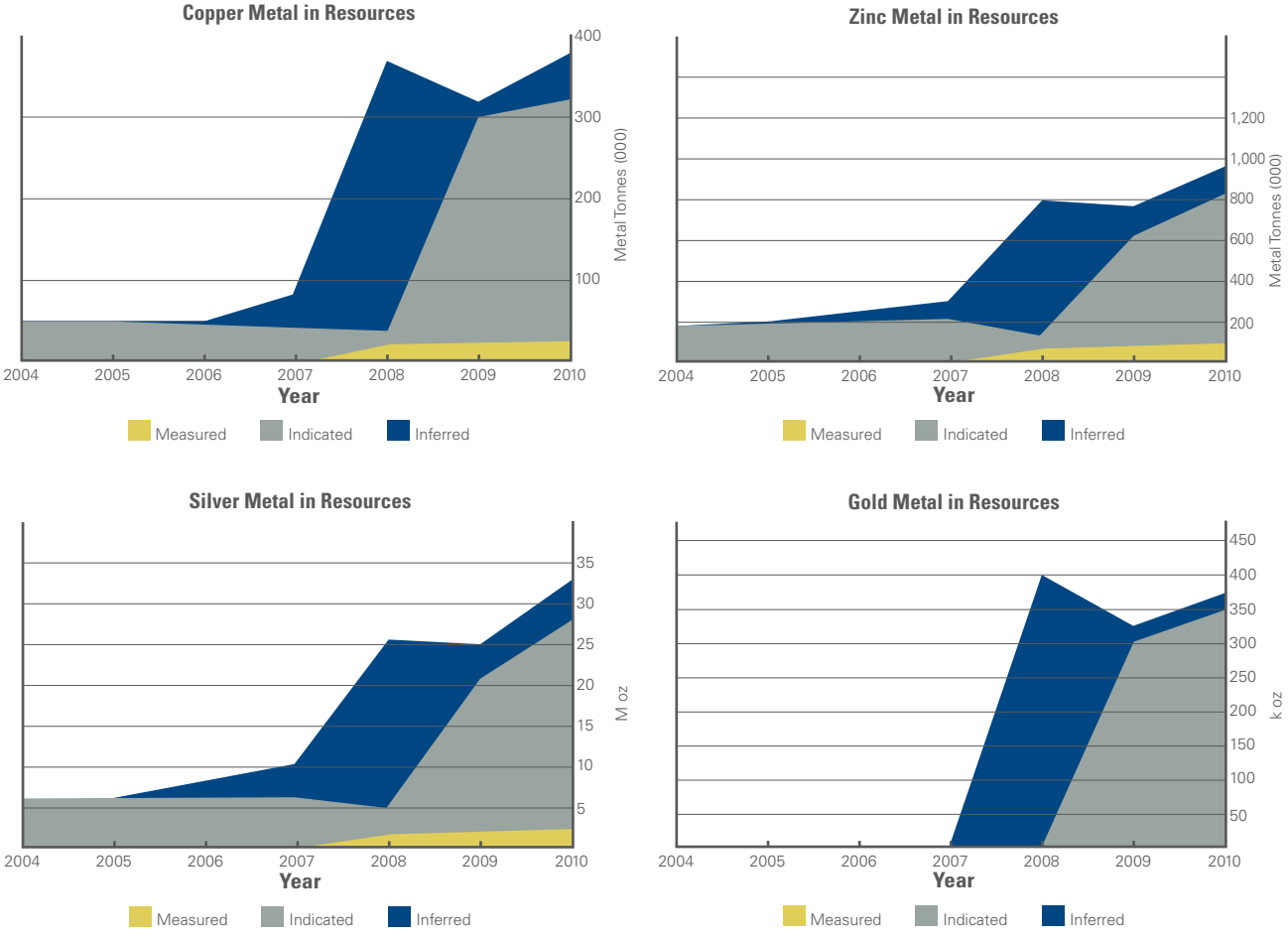
Jabiru recognises the key to future performance is a strong portfolio of prospective exploration and development assets that form part of a structured project development pipeline. This sets the basis of sustainable growth for the Company.

Jabiru believes the current mix of the operation at Jaguar with the adjacent ore source at Bentley, the advanced exploration project at Stockman and early exploration targets at Twin Peaks, Lennon's Find, Teutonic Bore and Benambra regional fulfils this objective.

Table 3: Project Resource Total

	Tonnes	Cu %	Zn %	Pb %	Ag g/t	Au g/t
Jaguar Project Resource Total	4,574,000	2.2	7.6	-	102	-
Stockman Project Resource Total	12,501,000	2.1	4.4	0.7	38	-

Figure 3: Resource Graphs



jaguar project review

Jaguar Project: overview

The Jaguar Project, located 60km north of Leonora in Western Australia, consists of the Jaguar underground mine (Jaguar) which has been in production for the past three years; the recently announced Bentley underground mine (Bentley) which will commence ore production in approximately one year; and the historic Teutonic Bore open pit and underground mine (Teutonic Bore) which is inactive. Ore is processed on site at the Jaguar concentrator to produce a copper concentrate and a zinc concentrate. The copper concentrate also contains significant silver credits and a small amount of gold. The concentrate is trucked 720km from the Jaguar site to the Port of Geraldton where it is held in inventory until loaded onto ships and transported by sea to smelters located in Asia.

Jaguar Project: mining and milling

Jaguar Project mining and milling operations performed to expectations during the financial year ended 30 June 2010. Relative to the year ended 30 June 2009, mined ore grades were higher with a change from the previous year of 1.6% higher zinc grade and 3.0% higher copper grade. Mined tonnes were roughly in line with the previous year. The concentrator had better overall metal recoveries with a change from the previous year of 2.7% higher zinc recovery and no change to copper recovery.

During the year rectification work on the underground primary ventilation shaft was required. At this time, lower mine production levels resulted in mill feed being supplemented by lower grade stockpiles. This resulted in annual production of copper metal decreasing by 2.0% and production of zinc metal decreasing by 9.1% from the previous year. The resulting concentrator feed had a change from the prior year of 13.6% lower zinc grade and 2.9% lower copper grade.

Operating costs were effectively contained in the year, with achievement of C1 cash cost for zinc of US$0.06 per pound after credits versus US$0.29 in the previous year. While C1 cash credits in the year benefited from a higher average copper price on the London Metals Exchange, the lower C1 cash cost also reflects lower production costs of $43.2 million for the year compared with $49.2 million for the previous year.

Improvements to the Jaguar concentrator during the 2009-2010 year included an expansion of the copper cleaning circuit to better deal with higher grade copper ores and produce a cleaner copper concentrate.

Jaguar decline development was re-started in July 2009 after a six-month temporary suspension to conserve cash in the period of very low metals prices during the global financial crisis. At the 2010 year end Jaguar capital development was approximately 10 months ahead on the production front.

Operating costs were effectively contained in the year

Figure 4: Actual/Forecast Metal in Concentrate

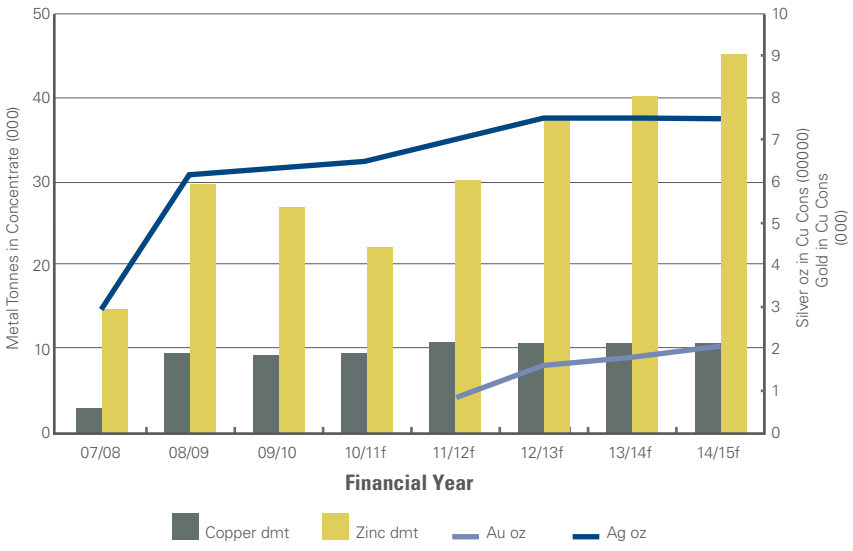


Figure 5: Jaguar Project Location Plan

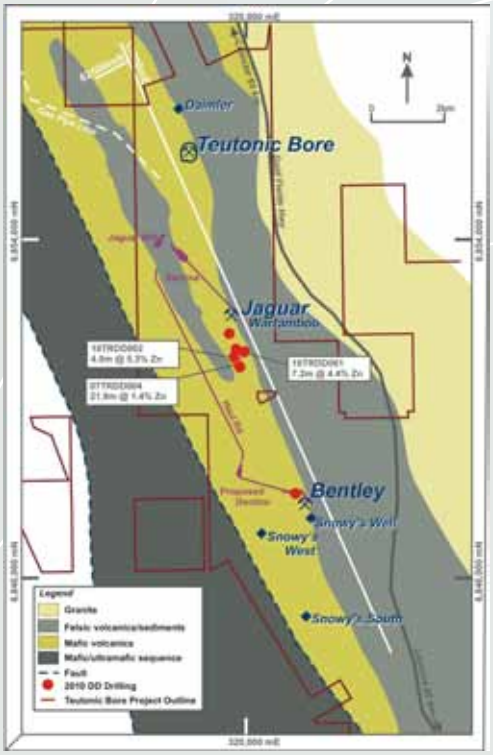


Figure 6: Jaguar Long Section Resource

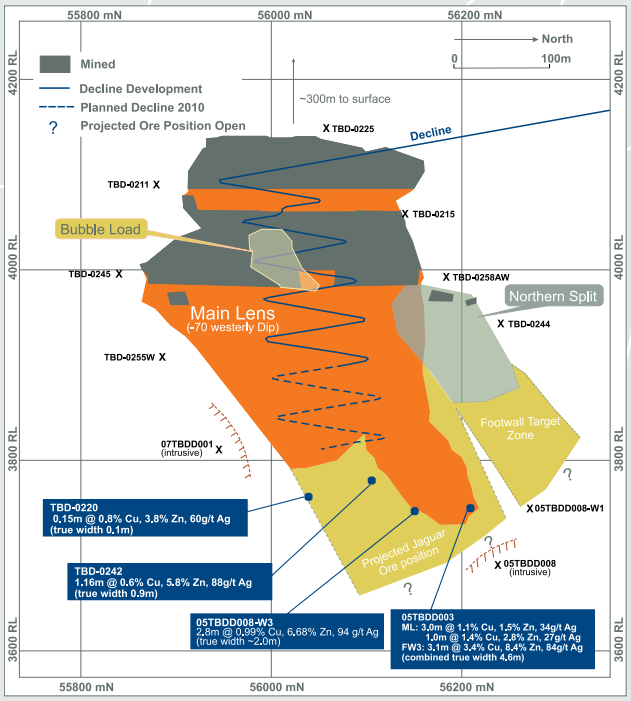


Figure 7: Bentley Long Section Resource

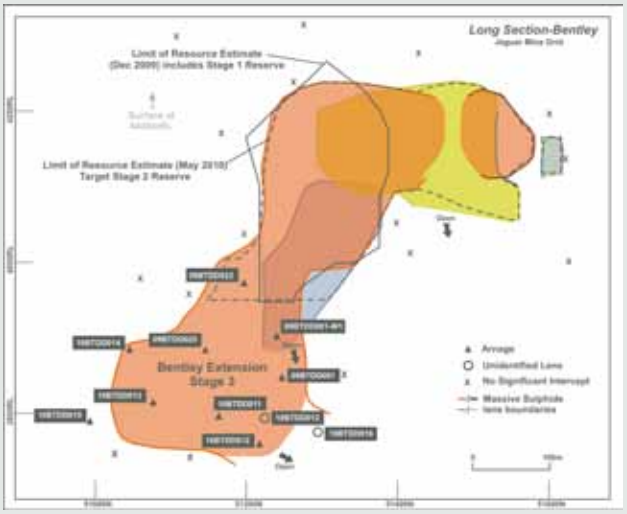
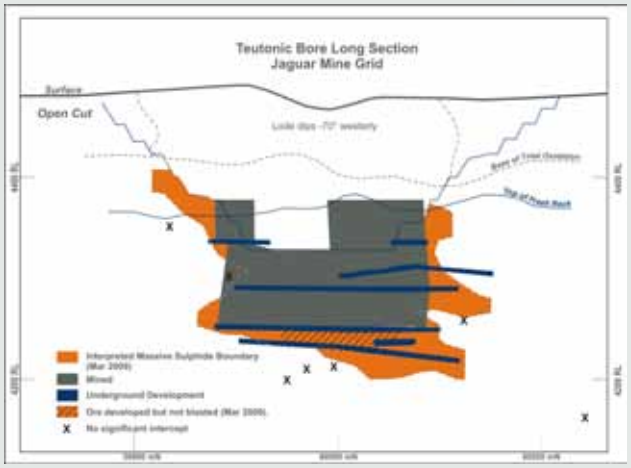


Figure 8: Teutonic Bore Long Section Resource



JAGUAR

Continued exploration from within the Jaguar underground mine resulted in the replacement of 47% of mined ore reserves. This represents a Jaguar mine reserve life at year end of over two years at the current processing rates. There is further opportunity to expand the resource and reserve at depth. Jaguar's ore body appears characterised by increasing copper grades and decreasing width at depth.

BENTLEY

The Board approved development of the new Bentley mine, located 4.6km south of the Jaguar mine, in April 2010. Bentley is benefiting from the experience gained by Jabiru whilst developing Jaguar, as well as shared on-site Jaguar infrastructure and resources. Bentley's portal is already complete and the Bentley decline is progressing on schedule within excellent ground conditions. First ore production is expected in the September 2011 quarter.

The current Bentley reserve is equivalent to three years of production at current processing rates. Further reserve upgrades are expected on the basis of upward revisions to the resource base since the original reserve was calculated. Ore production from Bentley is expected to have a lower copper grade and significantly higher zinc, silver and gold grades than Jaguar. The shallower depth, combined with the large size and thickness of Bentley's ore body relative to Jaguar, is expected to support a continued low cost, high margin operation.

TEUTONIC BORE

Teutonic Bore mine is located approximately 2km from the Jaguar concentrator and offers a near-term opportunity to increase either throughput rates or the mine life of the Jaguar Project. In 2009 an updated resource for Teutonic Bore was completed and announced. This resource is now the subject of a scoping study that is expected to be completed in the 2010-2011 financial year.

HEAVY MEDIA SEPARATION

Feasibility work on use of heavy media separation (HMS) as a means of upgrading low-grade and stringer ore has been completed. Outcomes were positive, particularly as both Bentley and Teutonic Bore have large stringer components to their geological resources. Jabiru expects to request Board approval in the December 2010 quarter to proceed with constructing the HMS facility.

Jaguar Project: resource and reserve overview

Joint Ore Reserves Committee (JORC)-compliant mineral reserve tonnes at the Jaguar Project increased 85% in the 2009-2010 year. The Jaguar Project reserve now stands at 2.054 million tonnes grading at 2.2% copper, 10.6% zinc, 134 grams per tonne silver and 0.5 grams per tonne gold.

Resources (inclusive of reserves) at the Jaguar Project increased 84% to 4.68 million tonnes. The Company's next target is to further increase reserves to target a project life of eight years.

The Jaguar Project is now positioned to be a long-life cash-generating asset for Jabiru.

Table 4: Jaguar Project Resource Summary as at 1 July 2010.

Classification	Tonnes	Cu %	Zn %	Pb %	Ag g/t	Au g/t
Measured	511,000	4.7	10.4	0.7	141	-
Indicated	3,555,000	1.9	7.8	-	104	-
Inferred	614,000	1.4	0.8	-	26	-
Sub-total Measured & Indicated	4,066,000	2.2	8.2	-	109	-
Jaguar Project Summary*	4,680,000	2.1	7.2	-	98	-

** The Jaguar Project Summary includes resources from the Jaguar, Teutonic Bore and Bentley resources and includes the 1 July 2010 Jaguar Project Reserves shown in Table 5.*

Table 5: Jaguar Project Ore Reserves as at 1 July 2010

Classification	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Bentley Underground Reserve (April 2010) – Stage 1 Reserve					
Proved	-	-	-	-	-
Probable	1,200,000	1.6	14.0	170	0.8
Total Probable Reserve - Bentley	1,200,000	1.6	14.0	170	0.8
Jaguar Underground & Surface Stockpile Reserve (July 2010)					
Proved	486,000	3.4	6.8	92	-
Probable	368,000	2.5	4.5	71	-
Total Proved & Probable – Jaguar	854,000	3.0	5.8	83	-
Total Jaguar Project Reserve	2,054,000	2.2	10.6	134	0.5

Jaguar Project: marketing and logistics

Following the restructuring of Jabiru's concentrate sales agreement with MMG Australia, a fully owned subsidiary of China Minmetals Corporation, at the end of the previous year, Jabiru now contracts directly with its customers and MMG acts as agent. This arrangement allows Jabiru to obtain sales contracts suited to its needs while utilising the marketing reach of the Company's larger agent.

Logistics operations and capabilities will evolve in the coming year with the utilisation of Jabiru's concentrate shed at the Port of Geraldton. Jabiru has taken the step of purchasing from MMG the rights to Lease 27 at Geraldton Port and constructing its own independent storage and ship loading facility. Currently both parties ship from a common shed and berth at the Geraldton Port. Shed construction is underway with completion expected in the December 2010 quarter. Owning a shed for concentrate storage at the Port is a strategic step towards lowering the Company's risks relating to cost and access to storage and ship loading facilities that are in short supply at the Port of Geraldton. It also provides more flexibility to optimise Jabiru's concentrate transport and storage costs.

At the same time, this investment will allow an increase in both storage capacity at the port and give Jabiru the ability to store and ship a more diverse suite of minerals in the future if required.

Jaguar Project: exploration

The Jaguar Project is located geologically within the Gindalbie Terrane. This part of the Eastern Yilgarn Craton (rock mass) is characterised by a bimodal rhyolite-basalt volcanic succession and intermediate to felsic calc-alkaline complexes, overlying an older tholeiite-komatiite succession. These rocks host the Teutonic Bore, Jaguar and Bentley volcanic hosted massive sulphide (VMS) deposits where the Jaguar Operations are centred. All three deposits are in the size range of two to four million tonnes (pre-mining) and are characterised by high grade Cu-Zn-Pb-Au-Ag rich massive sulphide lenses underlain by zones of vein-style (stringer) mineralisation that is typically Cu-Ag ± Au rich. Exploration activities are focused on finding more deposits of this style and grade.

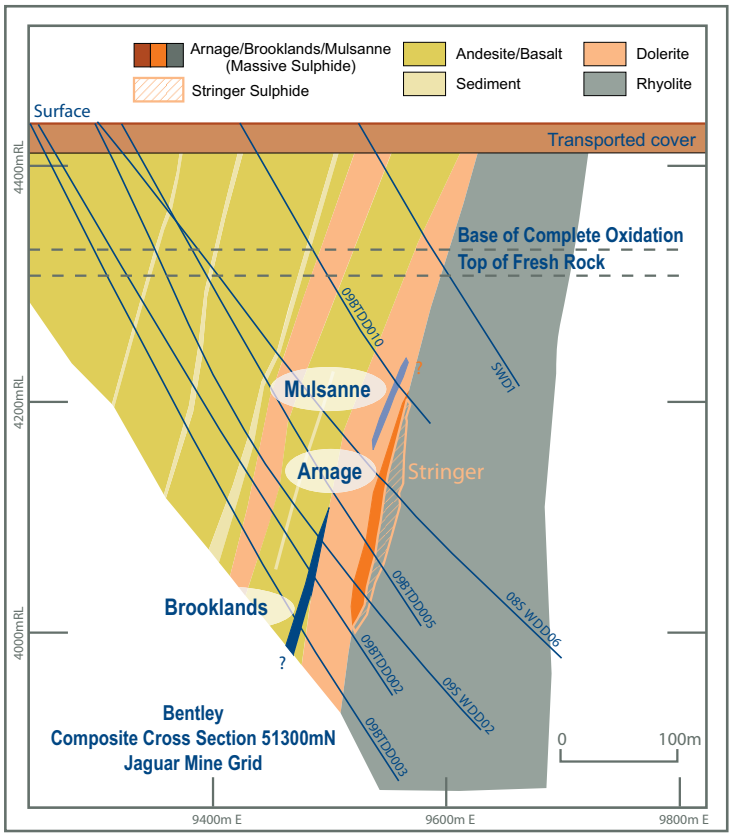
The last 12 months has seen Jabiru implement a major effort towards defining the Bentley Ore Resource to ensure the future of the Jaguar Project. In addition, exploration targets proximal to the Bentley and Jaguar deposits were drill tested to identify adjacent mineralisation that may influence short term mine design and scheduling. This testing involved approximately 31,500m of diamond drilling during the year, aimed at resource definition and providing material for metallurgical and geotechnical test work.

The Bentley Deposit comprises a series of Cu-Zn-Pb-Au-Ag rich massive sulphide lenses that are interpreted to have originally comprised a single lens, later split by a dolerite sill. A stratiform zone of mostly copper-rich disseminated and stringer mineralisation immediately underlies the Arnage lens. The current Bentley Resource estimate is limited to approximately 500m vertical depth and drill intercepts beneath 3950mRL show mineralisation to extend below the resource for at least another 200m. Significant drill intersections below the Bentley resource limit include:

- 2.7m @ 11.3% Cu, 0.6% Zn, 0.8g/t Au & 188g/t Ag in 09BTDD001-W1;
- 5.7m @ 0.5% Cu, 28% Zn, 1.3g/tAu & 278g/t Ag in 09BTDD001;
- 10m @ 3.4% Cu, 7.9% Zn, 1.0g/tAu & 201g/t Ag in 09BTDD025; and
- 5.3m @ 1.1% Cu, 27.7% Zn, 1.2 g/t Au & 235 g/t Ag in 10BTDD012.

(Please refer to the detailed results table in the back of this Annual Report).

Figure 9: Bentley Cross Section



A program of six diamond holes at the Jaguar South prospect was centred on a 2007 drill hole which returned 21.9m @ 1.4% Zn (07TRDD004). The mineralisation is hosted within intensely quartz-sericite-carbonate-pyrite-altered rhyolitic volcanic rocks similar in style to alteration and sulphide mineralisation observed in the vicinity of the Teutonic Bore and Bentley deposits. The recent drilling also intersected vein-style mineralisation with significant results, including 7.2m @ 4.4% Zn and 0.7m @ 31.7% Zn, 414g/t Ag in 10TRDD001 and 8.0m @ 4.0% Zn in 10TRDD002 (refer to the results table in the back of this Annual Report). Further geological and geochemical studies of these drill holes are ongoing and we are likely to undertake additional drilling at the prospect in 2011. Two additional diamond holes drilled approximately 150m to the north of the Bentley deposit were targeted on an IP (Induced Polarisation) geophysical response at a depth of 200-400m below the surface and encountered low tenor sulphide mineralisation only. As the target is not yet considered fully tested, additional drilling into the area is planned for the second half of 2010.

Toward the end of the period an aircore program comprising approximately 11,700m of drilling was completed with the aim of developing and fine tuning additional diamond drill targets along strike to the north of the Bentley deposit. Results have recently been received and data collation and interpretation is underway.

In June 2010 a joint venture was entered into with the Independence Group NL (IGO) over a portion of the Jaguar Project. Under this venture IGO may earn a 70% interest in the nickel rights by expenditure of $3 million within six years, including a minimum of $0.2 million within the first 12 months. The joint venture area covers 188km^2 of tenure over part of the southern portion of the Agnew-Wiluna Greenstone Belt, one of the most highly endowed komatiitic nickel-sulphide belts in the world. Past exploration for nickel sulphide deposits in the area has been limited and the joint venture area includes three main ultramafic units considered prospective for massive nickel-copper sulphide deposits similar in style to Cosmos and the nearby Sinclair deposit. Initial exploration, comprising a surface geochemical sampling and moving loop electromagnetic (EM) surveys, is proposed to commence in the third quarter of 2010.

The evidence to date confirms the scale of the mineralising system and the associated high potential for the discovery of additional deposits.

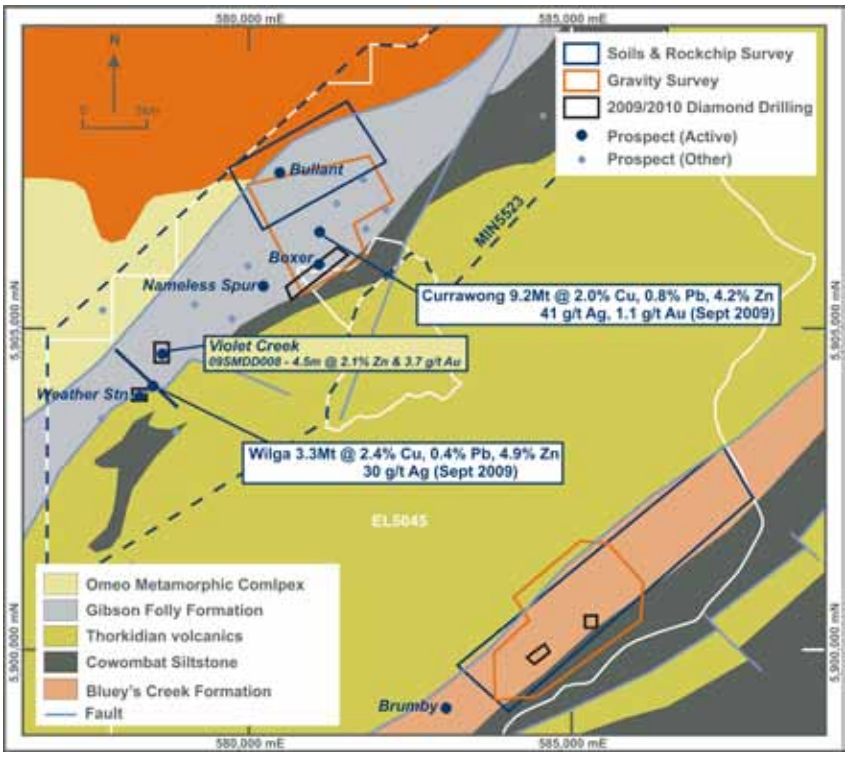
stockman project review

Stockman Project – overview

Jabiru's 100% owned Stockman Project, located near Omeo in north-eastern Victoria, was acquired by the Company in 2007. Stockman was formerly known as the Benambra Project and it included the Wilga underground mine which closed in 1996. In 2006 the tenement holding was tendered by the Victorian government. Jabiru was the successful bidder, obtaining mineral title and exploration rights in exchange for meeting certain minimum spend commitments on exploration.

Stockman has the potential to become a sizeable long term project and, as such, Jabiru is working towards making it a profitable long-life mining operation.

Figure 10: Stockman Project Location Plan



Stockman Project – exploration and development

During the year, Jabiru conducted exploration in parallel with a scoping study aimed at determining the appropriate size and configuration of the mining and milling infrastructure.

In addition, a range of programs are being implemented, aimed at aiding and progressing mining permit processes. These programs include detailed environmental assessments and monitoring, heritage surveys, consultation with a variety of community groups and government agencies, and the lodgement of a Mining Lease application.

With Bentley development now underway, additional Jabiru resources are available to progress work on the Stockman Project and the Company is aiming to complete the scoping study in the 2010-2011 financial year.

Over the past year the Company has completed an exploration program at Stockman to establish JORC-compliant resources at the Currawong and Wilga deposits.

Table 6: Stockman Project Resource Summary as at 1 July 2010.

Mineralisation Type	Classification	Tonnes	Cu %	Zn %	Pb %	Ag g/t	Au g/t
Currawong & Wilga Resources							
Massive & Stringer	Indicated	11,383,000	2.1	4.6	0.7	39	-
Massive & Stringer	Inferred	1,118,000	1.8	2.6	0.5	27	-
Total Stockman Resource		12,501,000	2.1	4.4	0.7	38	-

The Stockman Project covers the southern extent of the Cowombat Rift, which is the southernmost of the Silurian basins in the Lachlan Fold Belt (known to contain VMS style deposits). The Currawong and Wilga VMS deposits are hosted within the Gibson's Folly Formation, a part of the Enano Group comprising interbedded siltstone and volcaniclastic sediments, and rhyolitic to basaltic intrusive and extrusive volcanics.

The Wilga and Currawong Cu-Pb-Zn-Ag-Au rich deposits are located 3.5km apart; both have a down-dip and strike extent of approximately 300m, and both extend to within 100m of the surface. The Wilga deposit consists of a single lens of massive sulphide, whereas the Currawong deposit comprises five stacked lenses of massive sulphide interpreted to be in part separated by a series of faults, with the largest sulphide lens of similar dimensions to the entire Wilga deposit. The stacked lenses at Currawong are interpreted to be the result of post-mineralisation fault repetition of two original stacked sulphide lenses. Both lenses also have associated zones of vein-style stringer mineralisation adjacent to the massive ore. Mining at Wilga was previously undertaken by Denehurst Ltd (between 1992 and 1996).

A two-pronged approach to the exploration effort saw a variety of base metal targets undergo a first-pass examination, with diamond drilling in the vicinity of the existing ore deposits and a series of regional programs completed with the aim of identifying the next round of drill targets.

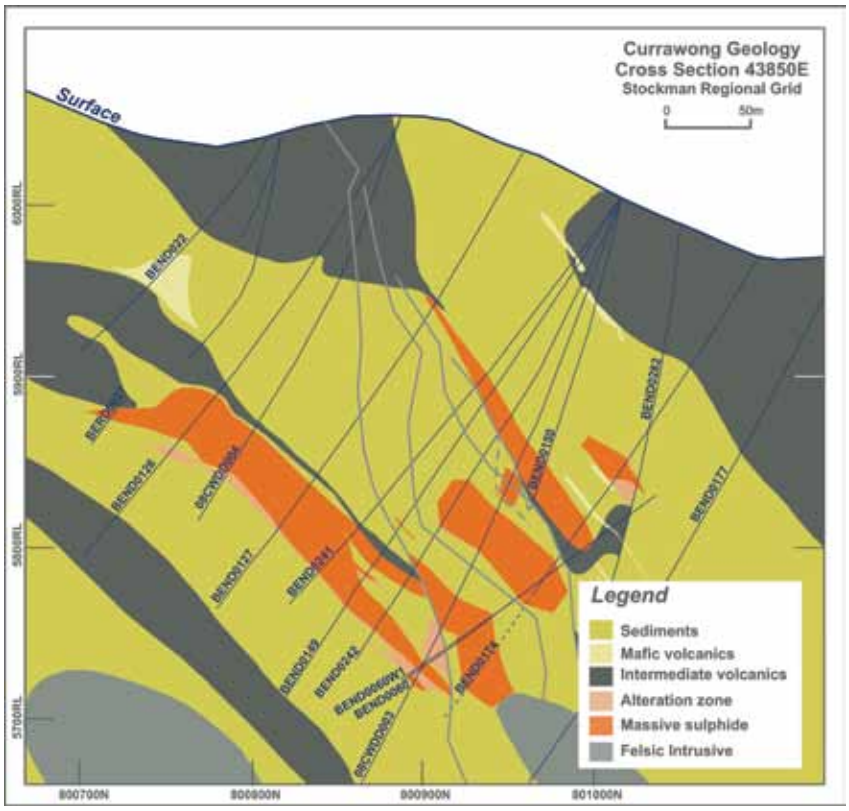
An approximately 6,400m program of diamond drilling was completed across targets, based on favourable surface geochemistry and airborne electromagnetic (VTEM) survey response over the rocks hosting the known massive sulphide deposits. This work covered the Boxer, Brumby, Violet Creek, Nameless Spur, Weather Station and Currawong Deeps prospects. Significant evidence of hydrothermal alteration and minor sulphide mineralisation is evident in much of the drilling, with samples returning only a low level geochemical response. Diamond drilling at the Violet Creek prospect did, however, intersect a zone of silica-sericite-pyrite alteration that returned 4.5m @ 2.1% Zn and 3.7g/t Au and the extent of this mineralisation is as yet untested (refer to detailed results in the table at the back of this Annual Report).

Several gravity and surface geochemistry surveys were completed across areas highlighted in historic datasets. These programs are designed to fine tune targets at the Wilga, Bullant, Brumby and Currawong prospects prior to further drilling.

The evidence to date confirms the scale of the mineralising system and the associated high potential for the discovery of additional deposits. Drilling to date can only be considered a first pass examination of the targets and further drilling is planned in the coming year.

Over the next 12 months the Company plans to carry out a program of work aimed at expanding the current resource base, and to complete the Scoping Study with continuing high level consultation with the local community and relevant statutory bodies. The long term stated objective is to define a reserve around the resource at Stockman that justifies it becoming Jabiru's second producing project and a long term major revenue source for Jabiru.

Figure 11: Currawong Cross Section



twin peaks project

The Twin Peaks Project is located 200km northeast of Geraldton in Western Australia. The granted tenure covers two mafic-dominated greenstone belts of Archaean age, the largest of which extends over approximately 30km of strike.

Between 1906 and 1960, 84 tonnes of copper ore averaging 16% Cu were extracted from the workings located north of Twin Peaks Homestead within the Twin Peaks greenstone belt. Previous explorers, including Amoco and Poseidon, identified indications of base-metal mineralisation in drilling along the eastern margin of the Twin Peaks greenstone, including:

- 34m @ 0.4% Zn and 4m @ 2.0% Zn at Breakaway Hills;
- 3m @ 1.0% Cu. 0.5g/t Au and 6g/t Ag;
- 3.5m @ 1.3% Cu at Southern Flyer; and
- 30m @ 0.6% Zn at Tranquillity Heights.

The mineralisation is considered similar to that of the Golden Grove VHMS deposit operated by Minmetals Australia Pty Ltd and located 200km to the south-southeast.

Exploration activities across Twin Peaks included soil and rock chip geochemistry programs covering the eastern margin of the belt in the vicinity of the historic base metal prospects extending north from the Southern Flyer prospect. Final analytical results for this work are pending; however, initial results appear to confirm anomalous geochemical responses over EM conductors identified in an airborne electromagnetic survey undertaken previously. Heritage clearances for the first round of drill targets were completed and reverse circulation drilling commenced at the end of June 2010.

Historical exploration across the Barloweerie greenstone belt identified the Sanford prospect which comprises a steeply dipping siliceous zone anomalous in base and precious metals with historical drill results including:

- 2m @ 1.3% Pb, 3.9% Zn and 140g/t Ag from 68m in SDP24; and
- 5m @ 4.8% Zn from 38m in SDH34 (Haoma North West NL).

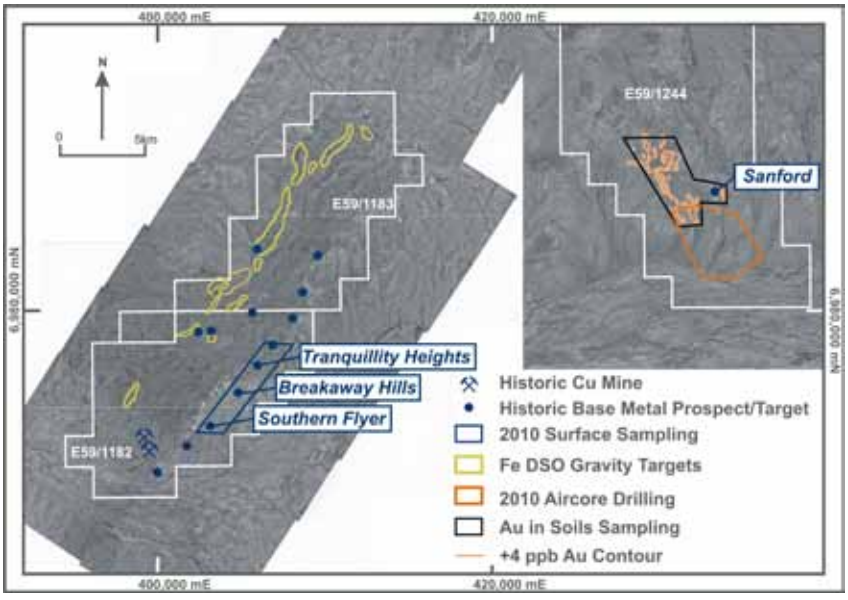
A program of soil sampling previously completed by Jabiru had identified a series of gold in soil anomalies over and to the west of the Sanford prospect. A program of aircore drilling was recently undertaken that targeted the Sanford West soil anomaly and the southern strike of the Sanford shear under recent sediment cover. Final analytical results for the program are pending.

In addition to the Cu-Pb-Zn-Ag prospects, gravity surveys, field mapping and rock chip sampling have identified a number of targets considered prospective for direct shipping iron ore, most of which appear to be under shallow cover and have as yet not been drill tested.

The ongoing exploration program at the Twin Peaks project will be dependent on final results of the recently completed work.

A program of soil sampling previously completed by Jabiru had identified a series of gold in soil anomalies over and to the west of the Sanford prospect.

Figure 12: Twin Peaks Location Plan

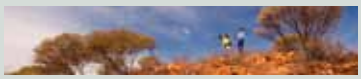


lennons find project

The Lennons Find Project is located approximately 40km southeast of Marble Bar and 230km southeast of Port Hedland in the East Pilbara district of Western Australia.

Base metal mineralisation identified at the project comprises a stratabound massive sulphide zone outcropping as gossans over 4km of strike and exhibiting elevated levels of copper, lead, zinc, silver and gold. An inferred resource of 853,000 tonnes @ 0.7% Cu, 1.8% Pb, 7.7% Zn and 115g/t Ag has previously been defined at the Hammerhead prospect.

No significant field activities were undertaken during the year and options with respect to divestment of the project are under consideration.



FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2010.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows:

Barry Bolitho (Non-Executive Chairman)
Gary Comb (Managing Director)
Ross Kestel

Michael Marriott was a Director until his resignation on 12 February 2010.

Qualifications, Experience and Special Responsibilities

Barry Bolitho Non-Executive Chairman B App Sc, Dip App Chem, F Aus IMM (Appointed November 2005)	Mr Bolitho has many years experience in senior executive roles in the resources industry including experience as chairman, executive and non-executive directorships on ASX and TSX listed companies. He has tertiary qualifications in metallurgy and chemistry and has extensive operational experience in a number of metals including base metals, mineral sands and precious metals. He is a fellow of the Australian Institute of Mining and Metallurgy. During the past three years Mr Bolitho has also served as a director of the following ASX listed companies: • Matilda Minerals Limited (May 2003 to present) • Andean Resources Limited (August 2006 to present) • Red 5 Limited (March 2010 to present) • Olympia Resources Limited (June 2008 to May 2009) • Sub-Sahara Resources NL (March 2007 to August 2009)
Gary Comb Managing Director BE Mech, BSc, Dip Ed (Appointed November 1999)	Mr Comb has spent over 26 years in the Australian mining industry, both with mining companies and in mining contractor roles. He was also Chief Executive Officer of BGC Contracting Pty Ltd, the mining contracting arm of Western Australian construction group BGC Ltd. During the past three years Mr Comb has also served as a director of the following ASX listed companies: • Zinc Co Australia Ltd (March 2007 to present)
Ross Kestel Non-Executive Director ACA, FCPA, AICD (Appointed August 2003)	Mr Kestel is both a Chartered Accountant and Certified Practising Accountant and was a director of the accounting practice Nissen Kestel Harford from July 1980 to April 2010. Mr Kestel has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries. He is currently a non-executive director of the following ASX listed companies: • VDM Group Limited (August 2005 to present) • Resource Star Limited (August 2006 to present) • Blackcrest Resources Limited (June 2006 to present) • Xstate Resources Limited (September 2006 to present) • Jatoil Limited (September 2007 to present) • Regis Resources Limited (June 2009 to present) During the past three years Mr Kestel has also served as a non-executive director of the following ASX listed companies: • Equigold NL (April 2005 to June 2008) • Dioro Exploration NL (April 2008 to February 2010) • DVM International Limited (April 2005 to November 2007) Mr Kestel is a member of the Australian Institute of Company Directors.

Interests in the shares and options of the Company

At the date of this report, the interests of the Directors in the shares and options of Jabiru Metals Limited were:

Directors		Quoted ordinary shares	Unquoted options
B Bolitho	(Non-Executive Chairman)	-	750,000
G Comb	(Managing Director)	7,078,750	4,000,000
R Kestel	(Non-Executive Director)	332,572	-
Total		7,411,322	4,750,000

Company Secretary

Ross Kestel ACA, FCPA, AICD

Mr Kestel has been the company secretary of Jabiru Metals Limited for 11 years.

Mr Kestel is both a Chartered Accountant and Certified Practising Accountant and was a director of the accounting practice Nissen Kestel Harford from July 1980 until April 2010. He has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries.

Mr Kestel is a member of the Australian Institute of Company Directors.

Dividends

No dividends have been paid or declared by the Company during the financial year.

Principal activities

The principal activities of the Group during the financial year were ongoing mineral mining and exploration of base metals.

Operating review

Jabiru Metals Limited (Jabiru or the Company) is an Australian base metals mining company listed on the Australian Securities Exchange. Jabiru owns 100 per cent of the producing Jaguar Project and 100 per cent of the Stockman Project which is currently in pre-feasibility.

Jaguar Project

Table 1: Jaguar Project Production

	Unit	2010	2009	% change
Underground Development	metres	**2,359**	1,785	32.16%
Mine Ore Production	tonnes	**361,035**	357,606	0.96%
Mine Ore Grade				
Zinc	%	**9.40**	9.25	1.62%
Copper	%	**3.07**	2.98	3.02%
Ore Treated	tonnes	**371,591**	364,549	1.93%
Concentrator Head Grade				
Zinc	%	**9.30**	10.76	(13.57%)
Copper	%	**2.97**	3.06	(2.94%)
Zinc Concentrate Produced				
Zn concentrate	tonnes	**56,326**	61,361	(8.21%)
Zn grade	Zn%	**47.4**	47.9	(1.04%)
Zn metal in concentrate	tonnes	**26,712**	29,390	(9.11%)
Copper Concentrate Produced				
Cu concentrate	tonnes	**39,914**	39,636	0.70%
Cu grade	Cu%	**22.6**	23.3	(3.00%)
Cu metal in concentrate	tonnes	**9,029**	9,217	(2.04%)
Metal Recoveries in Concentrate				
Zn in Zn concentrate	%	**77**	75	2.67%
Cu in Cu concentrate	%	**82**	82	0%
Zn C1 Cash Cost	US$/lb	**0.06**	0.29	(79.3%)

Operating review (continued)

Jaguar Project overview

The Jaguar Project, located 60 kilometres north of Leonora in Western Australia, consists of: the Jaguar underground mine (Jaguar) which has been in production for the past three years; the recently announced Bentley underground mine (Bentley) which will be commencing ore production in approximately one year; and the historic Teutonic Bore open pit and underground mine which is in care and maintenance. Ore is processed on site at the Jaguar concentrator to produce a copper concentrate and a zinc concentrate. The copper concentrate also contains significant silver credits and a small amount of gold. The concentrate is trucked 720 kilometres from the Jaguar site to the Port of Geraldton where it is held in inventory until loaded onto ships and transported by sea to smelters located in Asia.

Jaguar Project mining and milling operations

Jaguar Project mining and milling operations performed to expectations during the year ended 30 June 2010 (the year). Relative to the year ended 30 June 2009 (the prior year) mined ore grades were higher with a delta from the prior year of 1.6 per cent higher zinc grade and 3.0 per cent higher copper grade. Mined tonnes were roughly in-line with the prior year. The concentrator had better overall metal recoveries with delta from the prior year of 2.7 per cent higher zinc recovery and no change to copper recovery.

However, treatment in the March quarter of a quantity of lower grade material stockpiled during previous periods resulted in annual production of copper metal decreasing by 2.0 per cent and production of zinc metal decreasing by 9.1 per cent from the prior year. The resulting concentrator feed had a delta from the prior year of 13.6 per cent lower zinc grade and 2.9 per cent lower copper grade.

Operating costs were well contained in the year with achievement of C1 cash cost for zinc of US$0.06 per pound after credits versus US$0.29 per pound in the prior year. While C1 cash credits in the year benefited from a higher average copper price on the London Metals Exchange, the lower C1 cash cost also reflects lower production costs of $43,161,000 for the year compared with $49,186,000 for the prior year.

Improvements to the Jaguar concentrator in the year included an expansion of the copper cleaning circuit to better deal with higher grade copper ores and produce a cleaner copper concentrate.

Jaguar decline development was re-started in July 2009 after a six-month temporary suspension to conserve cash in the period of very low metals prices during the global financial crisis. At the 2010 year-end Jaguar capital development was approximately ten months ahead of the production front.

Jaguar Project development

Jaguar

Continued exploration from within the Jaguar underground mine resulted in replacement of 47 per cent of mined ore reserves. This provides a Jaguar mine reserve life at 1 July 2010 of nearly two and a half years at current processing rates. There is further opportunity to expand the resource and reserve at depth. Jaguar's ore body appears to have increasing copper grades as depth increases.

Bentley

The Board approved development of the new Bentley mine, located 4.6 kilometres south of the Jaguar mine, in April 2010. Bentley is benefiting from Jabiru's experience gained in developing Jaguar as well as shared on-site infrastructure and resources. Bentley's portal is already completed and the Bentley decline is progressing on schedule within excellent ground conditions. First ore production is expected in the September 2011 quarter.

The current Bentley reserve is equivalent to three years of production at current processing rates. Ore production from Bentley is expected to have a lower copper grade and significantly higher zinc, silver and gold grades than Jaguar. The shallower depth, and large size and thickness of Bentley's ore body relative to Jaguar are expected to be conducive to low-cost mining.

The option of two mines capable of feeding the Jaguar concentrator from commencement of Bentley ore production next year will result in a reduced ore production risk for the Jaguar Project. Also, with Jaguar's high copper grade and Bentley's high zinc, silver and gold grade, during the overlap production period the Jaguar Project will have improved flexibility to blend mill-feed to suit customer orders and optimise cash flow relative to metal market price conditions.

Heavy media separation

Feasibility work on the use of heavy media separation (HMS) as a means of upgrading low-grade and stringer ore was completed in the year. Outcomes were positive, particularly in view of both Bentley and Teutonic Bore having large stringer components to their geological resources. Jabiru expects to request Board approval in the December 2010 quarter to proceed with constructing the HMS facility.

Operating review (continued)

Geraldton shed

Following the restructuring of the Company's agreement with MMG Golden Grove Pty Ltd (MMG) at the end of the prior year, the Company now contracts directly with customers and MMG act as agents. This allows Jabiru to obtain sales contracts suited to its needs while utilising the marketing reach of the Company's larger agent.

Logistics will evolve in the coming year from the utilisation of Jabiru's concentrate shed at the Port of Geraldton. Shed construction is underway with completion expected in the December 2010 quarter. Owning a shed for concentrate storage at the Port of Geraldton is a strategic step to lower the Company's risks related to cost and access to storage and ship loading facilities that are in tight supply at the Port of Geraldton. It also provides more flexibility to optimise Jabiru's concentrate transport and storage costs.

Jaguar Project exploration

During the year exploration activities at the Jaguar Project focused on defining a Bentley mine ore resource of sufficient size and confidence to provide a mineable reserve. Now that this has been accomplished, exploration effort at the Jaguar Project will revert to finding another mineable resource within the tenement package.

In June 2010 a Joint Venture was agreed with Independence Group NL (IGO) over a 188 square kilometre area within the southern portion of the Jaguar Project. IGO can earn a 70 per cent interest in nickel rights by spending $300,000 within six years, including $200,000 in the first twelve months. Jabiru retains the rights to other metals.

Stockman Project

Jabiru is working towards developing the Stockman Project located in north-eastern Victoria into a profitable long-life mining operation. During the year, exploration was conducted in parallel with a scoping study aimed at determining the appropriate size and configuration of the mining and milling infrastructure. In addition, a range of programmes are being performed aimed at aiding and progressing mine permitting processes.

With Bentley development now underway, additional Jabiru resources are available to progress work on Stockman Project and the Company is aiming to complete the scoping study in the 2011 financial year.

Other exploration projects

Jabiru conducted active exploration activities at the Twin Peaks Project located 200 kilometres northeast of Geraldton in Western Australia.

No significant exploration field activities were undertaken on the Lennon's Find Project located approximately 40 kilometres southeast of Marble Bar in Western Australia.

Financial review

Table 2: Sales quantity and prices

	Unit	2010	2009	% change
Payable Metal Sales*				
Zinc	tonnes	**23,947**	21,002	14.0%
Copper	tonnes	**8,734**	8,974	(2.7%)
Silver	ounces	**598,291**	607,269	(1.5%)
Average Price Realised**				
Zinc	A$/tonne	**2,329**	1,799	29.5%
Copper	A$/tonne	**7,655**	5,116	49.6%
Silver	A$/oz	**18.83**	15.80	19.2%

* Payable metal represents contained metal in sold concentrate less refinery deductions.
** Average price realised excludes refining and shipping costs, and excludes derivative gains and losses.

Financial review (continued)

Value of payable metal sold for the year of $108,876,000 is 63.2 per cent above the prior year. This improvement reflects significantly higher metal prices during the year and 14.0 per cent more zinc tonnes sold. Quantities of copper and silver sold were slightly lower than the prior year.

Cost of sales for the year of $69,825,000 is 15.4 per cent or $12,714,000 below the prior year. $10,693,000 of this difference is due to lower depreciation expense in the year which resulted from lower net book values of property, plant and equipment after an $86,086,000 impairment charge at 31 December 2008 in the prior year.

Jabiru achieved a profit after tax for the year of $17,589,000. This compares favourably to a net loss after tax of $62,359,000 for the prior year.

The profit result for the year includes losses on derivative financial instruments of $14,068,000. Jabiru undertakes a hedging programme to underpin cash flows related to sales of its products. The Company does not attempt to qualify for hedge accounting and accordingly the fair value movements of all derivative financial instruments are recognised through profit or loss. The loss result for the prior year included gains on derivative financial instruments of $72,169,000 and an impairment of non-current assets of $86,086,000.

The net mark-to-market value of the Company's derivative financial instruments at 30 June 2010 represented a net asset value of $2,558,000.

Jabiru held cash and cash equivalents at 30 June 2010 of $34,343,000 representing a $5,833,000 increase in cash during the year. At 30 June 2010 the Company had interest-bearing liabilities of $4,087,000 comprised of equipment lease finance contracts repayable within the next 12 months. It is expected that repayment terms of equipment leases will be extended under new banking arrangements.

For the year the Company reported net cash flows from operating activities of $36,559,000 versus $52,189,000 for the prior year. The prior year result includes $73,573,000 of cash receipts on derivative financial instruments. Almost all this amount relates to a decision by Jabiru in March of the prior year when metal prices had sharply declined to settle the derivatives with bank counterparties for the purpose of repaying debt.

Net cash flow used in investing activities for the year was $30,036,000 compared to $22,724,000 for the prior year. This higher cash outflow is mainly due to higher exploration expenditures than the prior year.

Net cash flow used in financing activities for the year was $2,014,000 compared to $41,396,000 for the prior year. The higher cash outflow in the prior year is due to a $60,675,000 of debt repayment in the prior year partially offset by $25,581,000 proceeds received on issue of shares.

Significant changes in the state of affairs

There has been no other significant changes in the state of affairs of the Group during the year.

Significant events after the reporting date

There has been no transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments and expected results

Further information about likely developments in the operations of the Group and the expected results of those operations in the future financial years has not been included in this report because of metals price uncertainty and disclosure would be likely to result in unreasonable prejudice to the Group.

Environmental regulation and performance

The Company has a number of bonds granted in favour of various government authorities in relation to the Jaguar Project and Stockman Project. There have been no calls on the bonds up to the date of this report. The Board believes that the entity has adequate systems in place for the management of its environmental obligations and is not aware of any breach of environmental requirements as they apply to the Group.

Share options

Unissued shares

At the reporting date, there were 10,220,000 unissued ordinary shares under options. Refer to the remuneration report section of this report and Note 29 to the financial report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Share options (continued)

Shares issued as a result of the exercise of options

During the financial year, 5,700,000 options were exercised by employees, executives or non-executive Directors to acquire fully paid ordinary shares in Jabiru Metals Limited.

Indemnification and insurance of Directors and officers

During the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and officers of the Company and its controlled entities against all liabilities incurred in their capacity as Director or officer, to the extent permitted by the Corporations Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended
B Bolitho	11	11	4	4	2	2
G Comb	11	11	-	-	-	-
M Marriott*	6	6	2	1	2	2
R Kestel	11	11	4	4	2	2

* Mr Marriot resigned in February 2010

In addition there were two Circular Resolutions signed by Directors who were eligible to vote.

Committee membership

As at the date of this report, the Company had an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

Members acting on the committees of the Board during the year were:

Audit and Risk Management

R Kestel (Chairman)
B Bolitho
M Marriott (resigned February 2010)

Remuneration and Nomination

B Bolitho (Chairman)
R Kestel
M Marriott (resigned February 2010)

Auditor independence and non-audit services

Auditor independence

The Directors have received confirmation from Ernst & Young, the auditor of Jabiru Metals Limited, that they are independent of the Company as detailed on page 32. This declaration forms part of the Directors' Report.

Non-audit services

The following non-audit services were provided by the Company's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and the scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services during the year:

Other services $27,233

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable and where noted ($000)) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term "executive" encompasses the chief executive, senior executives and general managers of the Company and the Group.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates in accordance with its charter as approved by the Board. The Committee is comprised solely of non-executive Directors and is charged with responsibility for determining and reviewing remuneration arrangements for the Directors and executives and making recommendations to the Board.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Director and executive team.

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a significant portion of executive remuneration "at risk"; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Company performance

The table below shows the Company's earnings per share, dividend per share and share price over the past five years.

	2010 Cents	2009 Cents	2008 Cents	2007 Cents	2006 Cents
Basic earnings (loss) per share	3.2	(12.4)	(10.5)	(4.0)	(2.0)
Dividend per share	-	-	-	-	-
Share price at close	30.5	27.0	57.5	144.0	41.5

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 21 November 2005 when shareholders approved an aggregate remuneration of $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

The non-executive Directors do not receive retirement benefits.

The remuneration of non-executive Directors for the period ending 30 June 2010 and 30 June 2009 is detailed in the tables on pages 28 to 29 of this report.

REMUNERATION REPORT (AUDITED) (continued)

Senior manager and executive Director remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits);
- Variable remuneration – short term incentive (STI);
- Variable remuneration – long term incentive (LTI); and
- Variable remuneration – share option plans.

Fixed remuneration

Objective

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process consists of a review of Company, business unit and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Structure

Executives may be given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits, such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Variable remuneration - short term incentive (STI)

Objective

Only the Managing Director is entitled to participate in the STI programme. The objective of the STI programme is to link the achievement of the Group's operational targets with the STI received by the Managing Director who is charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the Managing Director to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments granted to the Managing Director depend on the extent to which Company performance meets or exceeds expected performance relative to Company objectives for the financial year and is subject to Board discretion and other shareholder value considerations.

On an annual basis the Remuneration and Nomination Committee, in line with their responsibilities, recommend to the Board the amount, if any, of the STI to be paid. This process usually occurs within three months after the reporting date. Annual STI awards are subject to Board approval.

STI is determined as a cash equivalent percentage of annual base salary. The percentage is determined at the discretion of the Remuneration and Nomination Committee based on the extent to which the Company achieves its expected outcomes for the relevant financial year as follows:

Company performance relative to Company objectives for the financial year	STI as a percentage of annual base salary
At or below expected Company performance	0%
Generally above expected Company performance	30%
Consistently exceeded expected Company performance	70%
Considerable additional value-added, in addition to consistently exceeding expected Company performance	100%

REMUNERATION REPORT (AUDITED) (continued)

Senior manager and executive Director remuneration (continued)

Variable remuneration - short term incentive (STI) (continued)

The Company performance benchmarks are yet to be established for the Managing Director. They will relate to parameters which the Board considers will affect shareholder return relative to a group of comparable companies.

The maximum STI attainable by the Managing Director for 2010 is $492,111 and the minimum amount is $nil. The Managing Director's STI award for the 2009 financial year was $nil, primarily as a reflection of global financial condition impacts on the Company during the year.

The Managing Director's STI programme was revised to the current structure in September 2009 and these changes apply to the 2010 financial year and subsequent years. The Managing Director's STI for 2010 will be determined at a Remuneration and Nomination Committee meeting subsequent to the issuing of this financial report.

Variable remuneration - long term incentive (LTI)

Objective

The objective of the LTI scheme is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants of shares are only made to those executives who have a significant direct influence on generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdles. The intent of the LTI is to ultimately focus executive attention on the key outcomes under their control which will add value for shareholders, while recognising that there are many other issues for which they have responsibility and accountability, which must always be of an acceptable standard.

Current participants in the LTI scheme include the Chief Operations Officer, the Chief Financial Officer and the Exploration Manager. The Managing Director is not currently a participant in this scheme.

Structure

The LTI provides a grant of equity in the form of share rights for Jabiru shares that vest after three years subject to certain conditions.

The number of share rights granted to participants depends on the extent to which individual and Company performance meet or exceed pre-determined annual performance hurdles for the financial year and are subject to Board discretion and other shareholder value considerations.

The LTI award is determined as a percentage allocation of a maximum number of shares rights attainable for the financial year for each eligible participant. The percentage allocation is determined at the discretion of the Remuneration and Nomination Committee based on the extent to which the executive and the Company achieve expected performance hurdles for the relevant financial year as follows:

Performance rating relative to objectives for the financial year	% of share entitlement that will be earned and that will vest at the end of three years
At or below expected performance	0%
Generally above expected performance	30%
Consistently exceeded performance	70%
Considerable additional value-added, in addition to consistently exceeding expected performance	100%

Performance hurdles are customised to the functional area of each participant as follows:

Operational:
- Safety, environment and heritage;
- Operational capacity;
- Metal production and cost; and
- Future value additions.

Exploration:
- Safety, environment and heritage;
- Mineral resource additions; and
- Strategic tenement additions.

REMUNERATION REPORT (AUDITED) (continued)

Senior manager and executive Director remuneration (continued)

Variable remuneration - long term incentive (LTI) (continued)

Financial:
- Accounting and statutory reporting;
- Internal controls and management reporting;
- Bank funding arrangements; and
- Treasury and financial risk management.

The maximum entitlements of share rights for the 2010 financial year are as follows:

Key management personnel	Maximum share right entitlement (number of shares)
Scott Donaldson (Chief Operations Officer)	1,550,572
Neil Martin (Exploration Manager)	930,343
Padraig O'Donoghue (Chief Financial Officer)	874,783

When a participant ceases employment prior to their annual allocation or the vesting of their share rights, the allocations and share rights are forfeited. In the case of redundancy, death, serious or permanent incapacity or hardship, the Board may waive this condition in relation to some or all of the rights held by the participant.

If, in the opinion of the Board, a change of control event has occurred, or is likely to occur due to a takeover offer, the Board may transfer unallocated or unvested share rights to participants.

The proportion of annual share entitlements which are not earned by the participant will lapse and will neither accrue to the participant, nor accumulate for vesting at the end of each three year period.

Variable remuneration - share option plan

The Company has an ownership-based compensation scheme for employees (including executive Directors). Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The share option plan is a component of remuneration which closely aligns employee interests with those of shareholders. The exercise price of options issued to employees is set such that employees will realise financial benefit in circumstances where the Company share price has appreciated. The purpose of the option plan is to reward for past performance, to assist recruitment/retention of key personnel, and provide incentive to employees to create shareholder value. Accordingly, the number of options issued to an employee is not subject to specific performance conditions but will be a function of:

- the employee's track record of achievement;
- the Company's ability to recruit and retain individuals with the required skills and experience; and
- the employee's potential to influence value creating activities and projects.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited. If cessation of employment is due to retirement, illness or incapacitation of the participant, the Board may waive this condition in relation to some or all of the options held by the participant on such terms and conditions as the Board determines.

If, in the opinion of the Board, a change of control event has occurred, or is likely to occur, the Board may declare an option to be free of any conditions of exercise and such options may be exercised at any time on or before the expiry date and in any number.

If the event of any person or corporation having a relevant interest in not less than 90% of the shares of the Company, or the Company issues a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the *Corporations Act 2001*) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the shares of the Company, all options shall be free of any conditions of exercise and may be exercised at any time prior to their lapsing as follows: (i) 30 days following any person or corporation having a relevant interest in not less than 90% of the shares of the Company; or (ii) 20 days after the Company issues a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement which, if implemented, would result in a person or corporation becoming entitled to not less than 90% of the shares of the Company.

The Board does not have a policy on executives and Directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration.

The Company did not grant any options in the 2010 financial year.

REMUNERATION REPORT (AUDITED) (continued)

Senior manager and executive Director remuneration (continued)

Employment contracts

Mr Gary Comb is employed under contract for a three year period which commenced on 1 January 2009. Mr Comb receives fixed remuneration of $615,139 per annum. The contract may be terminated by the Company at any time prior to expiry by payment of a minimum one year's entitlements being salary, superannuation and expenses as defined.

Messrs Donaldson, Martin and O'Donoghue are on unlimited contract terms and are capable of termination with three months notice. Jabiru retains the right to terminate immediately, by making payment equal to three months pay in lieu of notice.

Non-executive Directors (Messrs Bolitho and Kestel) do not have contracts with the Company.

All equity transactions with Directors, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

When a key management personnel ceases employment prior to the vesting of their share rights or share options, the share rights or share options are forfeited, with the exception of the conditions described above.

Details of key management personnel

The key management personnel of the Company during the year were:

- Barry Bolitho (Non-Executive Chairman)
- Gary Comb (Managing Director)
- Ross Kestel (Non-Executive Director and Company Secretary)
- Michael Marriott (Non-Executive Director) – resigned February 2010
- Scott Donaldson (Chief Operations Officer)
- Neil Martin (Exploration Manager)
- Padraig O'Donoghue (Chief Financial Officer) – appointed December 2009
- David Grant (Chief Financial Officer) – resigned October 2009

In addition, David McGowan (Resident Manager – Jaguar Operations) and Trevor Brookes (Logistics Manager) are Company and group executives whose remuneration must be disclosed under the *Corporations Act 2001* as they are one of the five highest remunerated executives.

REMUNERATION REPORT (AUDITED) (continued)

Key management personnel compensation

The compensation of each member of the key management personnel of the Group is set out below:

	Short-term			Post employment	Share-based payments		Total	% Performance related
	Salary and fees	Cash bonus	Other (including non-money benefits)	Superannuation	Shares	Options		
	$	$	$	$	$	$	$	%
2010								
Non-executive Directors								
B Bolitho	90,450	-	-	-	-	-	90,450	-
M Marriott (i)	37,143	-	-	-	-	-	37,143	-
R Kestel	61,865	-	-	-	-	-	61,865	-
Executive Directors								
G Comb	519,487	-	75,768*	46,440	-	-	641,695	-
Other key management personnel								
S Donaldson +	336,834	-	-	20,536	67,708	44,127	469,205	23.8
N Martin +	221,834	-	-	14,462	40,625	35,301	312,222	24.3
D Grant (ii)	66,168	-	-	5,208	-	-	71,376	-
P O'Donoghue (iii) +	146,147	-	-	8,436	21,748	-	176,331	12.3
Total key management personnel	1,479,928	-	75,768	95,082	130,081	79,428	1,860,287	-
Other Group executives								
D McGowan +	272,163	-	-	14,462	-	33,095	319,720	10.4
T Brookes +	239,049	-	-	14,462	-	-	253,511	-

(i) Mr Marriott resigned in February 2010

(ii) Mr Grant resigned in October 2009

(iii) Mr O'Donoghue was appointed in December 2009

* Other short-term benefits for Mr Comb relate to a motor vehicle allowance and associated Fringe Benefits Tax.

+ Denotes one of the 5 highest paid executives of the Group as required to be disclosed under the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED) (continued)

Key management personnel compensation (continued)

	Short-term			Post employment	Share-based payments		Total	% Performance related
	Salary and fees	Cash bonus	Other (including non-monetary benefits)	Superannuation	Shares	Options		
	$	$	$	$	$	$	$	%
2009								
Non-executive Directors								
B Bolitho	71,576	-	-	-	-	-	71,576	-
M Marriott	15,000	-	-	-	-	-	15,000	-
R Kestel	65,400	-	-	-	-	-	65,400	-
Executive Directors								
G Comb	492,111	-	120,525*	73,817	-	41,027	727,480	5.6
Other key management personnel								
S Donaldson +	353,843	-	-	13,130	213,728	43,129	623,830	41.2
N Martin +	195,000	-	-	13,130	255,956	34,068	498,154	58.2
D Warden (i) +	156,740	-	-	8,753	-	(7,837)	157,656	-
D Grant (ii)	45,453	-	-	4,091	-	-	49,544	-
R Smith (iii)	67,512	-	-	-	-	-	67,512	-
Total key management personnel	1,462,635	-	120,525	112,921	469,684	110,387	2,276,152	-
Other Group executives								
D McGowan +	267,314	-	-	13,130	-	31,259	311,703	10.0
T Brookes +	220,000	-	-	13,130	-	10,737	243,867	4.4

(i) Mr Warden resigned in February 2009

(ii) Mr Grant was appointed in February 2009

(iii) Mr Smith was appointed in February 2009 and resigned in May 2009

* Other short-term benefits for Mr Comb relate to a motor vehicle allowance and associated Fringe Benefits Tax.

+ Denotes one of the 5 highest paid executives of the Group as required to be disclosed under the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED) (continued)

Share rights granted and vested to key management personnel during the year (Consolidated)

	Granted					Vested	
	No. of shares	Fair value of share rights at grant date ($)	Total value of share rights granted ($)	Grant date	Vesting date	Number	%
30 June 2010							
Other key management personnel							
S Donaldson	378,472	$0.36	136,250	1 Sept 09	1 Sept 09	378,472	100
N Martin	555,555	$0.36	200,000	1 Sept 09	1 Sept 09	555,555	100
Total	934,027		336,250			934,027	

*Relates to LTI share allocation for the 30 June 2009 financial year. Amounts were accrued in the 2009 financial year in accordance with *AASB 2 Share-Based Payments*.

Compensation options: Granted and vested during the year (Consolidated)

No options were granted during the year.

	Granted		Terms and Conditions for each Grant					Vested	
	Number	Grant date	Fair value per option at grant date ($) (Note 29)	Exercise price per option ($) (Note 29)	Expiry date	First exercise date	Last exercise date	Number	%
30 June 2010									
Other key management personnel									
S Donaldson	200,000	31 Mar 08	$0.2384	$0.61	31 Mar 13	31 Mar 10	31 Mar 13	200,000	100
N Martin	160,000	31 Mar 08	$0.2384	$0.61	31 Mar 13	31 Mar 10	31 Mar 13	160,000	100
Total	360,000							360,000	

Value of options granted, exercised and lapsed during the year (Consolidated)

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year %
30 June 2010				
Executive Director				
G Comb	-	153,900	-	-
Non-executive Director				
R Kestel	-	41,040	-	-
Other key management personnel				
S Donaldson	-	-	-	9.4
N Martin	-	-	-	11.3

REMUNERATION REPORT (AUDITED) (continued)

Key management personnel compensation (continued)

For details on the valuation of the options granted, including models and assumptions used, refer to Note 29.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

The maximum grant, which will be payable assuming that all service and performance criteria are met, is equal to the number of options or rights granted multiplied by the fair value at the grant date. The minimum grant payable, assuming that service and performance criteria are not met, is zero.

Shares issued on exercise of compensation options (Consolidated)

	Shares issued (number)	Amount paid per share ($)	Amount unpaid per share ($)
30 June 2010			
Executive Director			
G Comb	4,500,000	0.25	-
Non-executive Director			
R Kestel	1,200,000	0.25	-
Total	**5,700,000**		

Signed in accordance with a resolution of the Directors.

.....
G Comb
Managing Director

Perth, Western Australia
Date: 26 August 2010

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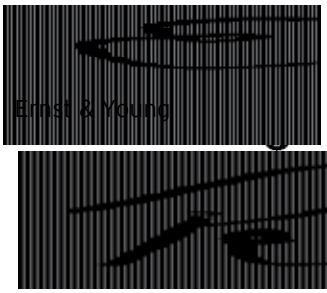
Auditor's Independence Declaration to the Directors of Jabiru Metals Limited

In relation to our audit of the financial report of Jabiru Metals Ltd for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Peter McIver
Partner
Perth
26 August 2010

CORPORATE GOVERNANCE

The Board of Directors of Jabiru Metals Limited (Jabiru or the Company) is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Jabiru on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

Corporate governance disclosures

The Board and management are committed to corporate governance and, to the extent that they are applicable to the Company, have followed the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange (ASX) Corporate Governance Council.

In summary, Jabiru departs from the Guidelines in one key area in that the Audit and Risk Management Committee is only comprised of two (2) members – this is a departure from Recommendation 4.2.

Role of the Board

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Managing Director (MD) and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
    - Directors and Executive Officers Code of Conduct;
    - Dealings in Securities; and
    - Reporting and Dealing with Unethical Practices.
- Reporting to and advising shareholders.

A copy of the Company's Board Charter is available on the Corporate Governance section of Jabiru's website.

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Financial Report are included in the Directors' Report.

Directors of Jabiru are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

An independent Director is a non-executive Director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a Director after ceasing to hold any such employment;
- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings exceed a material amount of the adviser's total revenue;

Structure of the Board (continued)

- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Jabiru are considered to be independent:

Name	Position
B Bolitho	Non-executive Chairman
R Kestel	Non-executive Director

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term
B Bolitho	4 years
G Comb	10 years
R Kestel	6 years

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new Director with particular skills, the Remuneration and Nomination Committee will recommend to the Board a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Remuneration and Nomination Committee conducted performance evaluations that involved an assessment of each Board member and key executives' performance against specific and measurable qualitative and quantitative performance criteria.

The performance criteria against Directors and executives are assessed and aligned with the financial and non-financial objectives of the Company.

A copy of the Company's Performance Evaluation Process is available on the Corporate Governance section of Jabiru's website.

Trading policy

Under the Company's securities trading policy a, Director or nominated personnel must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

The objectives of the policy are to:

(a) minimise the risk of Directors and nominated personnel of the Company contravening the laws against insider trading;
(b) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
(c) increase transparency with respect to trading in the securities of the Company by Directors and nominated personnel.

The policy provides a brief summary of the law on insider trading and what constitutes "price sensitive information". The policy also prescribes "blackout periods" when Directors and nominated personnel should not, in the absence of exceptional circumstances, trade in the Company's securities.

A copy of the Company's Share Trading Policy is available on the Corporate Governance section of Jabiru's website.

Structure of the Board (continued)

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee, which operates under a charter approved by the Board. The Committee meets to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director and to review and make appropriate recommendations to the Board in relation to remuneration and employee incentive and equity based plans.

It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration and Nomination Committee links the nature and amount of executive Directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of high quality management to the Company; and
- Performance incentives that allow executives to share in the success of the Company.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Managing Director and the executive team.

The Board has established a Remuneration and Nomination Committee comprising non-executive Directors.

The members of the Remuneration and Nomination Committee throughout the year were:

- B Bolitho (Chairman);
- R Kestel; and
- M Marriott (resigned February 2010).

For details on the number of meetings of the Remuneration and Nomination Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

For additional details regarding the Remuneration and Nomination Committee, including its charter, please refer to Jabiru's website.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations such as the benchmarking of key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The Board has established an Audit and Risk Management Committee comprising non-executive Directors.

The members of the Audit and Risk Management Committee throughout the year were:

- R Kestel (Chairman);
- B Bolitho; and
- M Marriott (resigned February 2010).

For qualifications of the Audit and Risk Management Committee members and details on the number of meetings of the Committee held during the year and the attendees of those meetings, refer to the Directors' Report.

The Company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee. The auditors have a policy of rotating the audit partner at least every 5 years.

For additional details regarding the Audit and Risk Management Committee, including its charter, please refer to Jabiru's website.

Risk management

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value.

Management reports directly to the Board on the Company's key risks and is responsible, through the MD, for designing, maintaining, implementing and reporting on the adequacy of the risk management and internal control systems.

The Audit and Risk Management Committee monitors the performance of the risk management and internal control systems and reports to the Board on the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management.

The Board must satisfy itself, on a regular basis, that risk management and internal control systems for the Company have been fully developed and implemented.

In conjunction with its external risk advisors, the Company has identified specific risk management areas being strategic, operational and compliance. During the 2010 financial year, the Board reviewed the strategic and operational risks on a regular basis. The operational risks which were reviewed included:

- Fluctuations in metals prices;
- Fluctuations in exchange rates;
- Depletion of reserves; and
- Occupational health and safety (OH&S) issues.

A detailed risk identification matrix has been prepared and is regularly updated by management. High and very high risk issues are reported to the Board. Senior management also meets regularly to deal with specific areas of risk such as OH&S issues, environmental risk and tenement management.

The Managing Director (MD) and Chief Financial Officer (CFO) also provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the MD and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

Best practice recommendation

The ASX and the Corporate Governance Council have established eight Essential Corporate Governance Principles. These principles are set out in the table below with the Company's compliance status noted. As demonstrated by this table, the Company complies with all essential Corporate Governance Best Practice Recommendations with the exception of Principles 2.4 and 4.2 as noted below.

Corporate Governance Policy	Compliance status/Evidence of compliance
Lay solid foundation for management and oversight	
Principle 1: Recognise and publish the respective roles and responsibilities of the Board and management	**Adopted** – evidence of compliance is as follows:
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	• The Company's corporate governance policies include a Board Charter, which discloses the specific responsibilities of the Board.
1.2 Disclose the process for evaluating the performance of senior executives.	• The Board monitors the performance of senior management including measuring actual performance against planned performance.

Corporate Governance Policy	Compliance status/Evidence of compliance
Structure the Board to add value *Principle 2: Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties*	**Adopted with the exception of 2.4** – exception and evidence of compliance is as follows:
2.1 A majority of the Board should be independent.	• Two (2) of the three (3) Directors are independent.
2.2 The Chairperson should be an independent Director.	• The Chairman is independent.
2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	• The roles of the Chair and the MD are not exercised by the same individual.
2.4 The Board should establish a nomination committee which comprises at least 3 members.	• 2.4 The Company does not comply with this recommendation as the Remuneration and Nomination Committee consists of only two (2) non-executive Directors, all of whom are independent. The MD is not a member of the Committee but does attend meetings by invitation.
2.5 Disclose the process for evaluating the performance of the Board, its committees and the individual Directors.	• The Board has adopted a policy to assist in evaluating Board performance and a review of the Board's and individual Directors performance was undertaken during the year.
Actively promote ethical and responsible decision-making *Principle 3: Promote ethical and responsible decision-making*	**Adopted** – evidence of compliance is as follows:
3.1 Establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity; 3.1.2 the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders; and 3.1.3 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices.	• The Company's corporate governance policies include a Directors' and Executive Officers' Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2 Establish a policy concerning trading in Company securities by Directors, senior executives and employees and disclose the policy or a summary of that policy.	• The Company's corporate governance policies include a Dealing in Securities Policy which provides comprehensive guidelines on trading in the Company's securities.
Safeguard integrity in financial reporting *Principle 4: Establish a structure to independently verify and safeguard integrity in financial reporting*	**Adopted with the exception of 4.2** – exception and evidence of compliance is as follows:
4.1 The Board should establish an audit committee	• An Audit and Risk Management Committee has been established by the Company.
4.2 Structure the audit committee so that it consists of: ▪ Only non-executive Directors ▪ A majority of independent Directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members.	• 4.2 The Company does not comply with this recommendation as the Audit and Risk Management Committee only consists on two (2) non-executive Directors, all of whom are independent and is chaired by Mr Ross Kestel who is not chair of the Board.
4.3 The audit committee should have a formal operating charter.	• The Audit and Risk Management Committee has a formal charter.

Corporate Governance Policy	Compliance status/Evidence of compliance
Promote timely and balanced disclosure *Principle 5: Make timely and balanced disclosure of all material matters concerning the Company* 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	**Adopted** – evidence of compliance is as follows: • The Company has a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.
Respect the rights of shareholders *Principle 6: Respect the rights of shareholders and facilitate the effective exercise of those rights* 6.1 Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy.	**Adopted** – evidence of compliance is as follows: • The Company's corporate governance policies include a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs.
Recognise and manage risk *Principle 7: Establish a sound system of risk oversight and management and internal control* 7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.	**Adopted** – evidence of compliance is as follows: • The Company's Corporate Governance Policies include a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls.
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	• The Board requires that the Managing Director and Chief Financial Officer designs and implements continuous risk management and internal control systems and provides reports at relevant times.
7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.	• The Board seeks, at the appropriate times, these relevant assurances from the individuals appointed to perform the role of Managing Director and the Chief Financial Officer.

Corporate Governance Policy	Compliance status/Evidence of compliance
Remunerate fairly and responsibly *Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined* 8.1 The Board should establish a remuneration committee.	**Adopted** – evidence of compliance is as follows: • A Remuneration and Nomination Committee has been established by the Company.
8.2 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.	• The Board distinguishes the structure of non-executive Directors' remuneration from that of executive Directors' and senior executives. The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum approved by a general meeting of shareholders. The Board is responsible for determining the remuneration of any Director or senior executive, without the participation of the affected Director.

Further information on the Corporate Governance Policies that have been adopted by Jabiru Metals Limited can be referenced at the Company's website: www.jabirumetals.com.au

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Consolidated 2010 $000	Consolidated 2009 $000	Parent 2010 $000	Parent 2009 $000
Revenue from continuing operations	6	108,876	66,719	108,871	66,719
Cost of sales	8(a)	(69,825)	(82,539)	(69,825)	(82,539)
Gross profit (loss)		39,051	(15,820)	39,046	(15,820)
Net (loss) gain on derivative financial instruments	7(b),8(d)	(14,068)	72,169	(14,068)	72,169
Other income	7(a)	369	14	369	14
Finance costs	8(b)	(819)	(2,484)	(819)	(2,474)
Administration expenses	8(c)	(6,213)	(6,726)	(6,213)	(6,253)
Impairment of property, plant and equipment	8(d)	-	(86,086)	-	(86,086)
Net foreign exchange gain (loss)	7(b),8(d)	1,324	(18,541)	1,324	(18,541)
Other expenses	8(d)	(2,055)	(4,885)	(2,386)	(5,178)
Profit (loss) from continuing operations before income tax		17,589	(62,359)	17,253	(62,169)
Income tax expense	9	-	-	-	-
Profit (loss) after income tax		17,589	(62,359)	17,253	(62,169)
Other comprehensive income					
Net (loss) gain on available-for-sale financial assets		(390)	1,440	(390)	1,440
Other comprehensive income for the period, net of tax		(390)	1,440	(390)	1,440
Total comprehensive income (loss) for the period		17,199	(60,919)	16,863	(60,729)

		2010 Cents	2009 Cents
Earnings per share for profit (loss) attributable to the ordinary equity holders of the company			
Basic earnings (loss) per share	11	3.2	(12.4)
Diluted earnings (loss) per share	11	3.2	(12.4)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

	Notes	Consolidated 2010 $000	Consolidated 2009 $000	Parent 2010 $000	Parent 2009 $000
ASSETS					
Current assets					
Cash and cash equivalents	12	34,343	28,510	34,343	28,510
Trade and other receivables	13	1,672	13,271	1,610	13,249
Inventories	14	10,740	11,456	10,740	11,456
Derivative financial instruments	22	3,862	8,662	3,862	8,662
Total current assets		50,617	61,899	50,555	61,877
Non-current assets					
Receivables	15	471	473	14,030	10,204
Property, plant and equipment	16	25,991	16,800	24,674	15,783
Available-for-sale financial assets	17	1,850	2,190	1,850	2,190
Exploration and evaluation	18	25,808	24,473	13,069	15,467
Mine properties in development	19	15,717	-	15,717	-
Derivative financial instruments	22	848	124	848	124
Total non-current assets		70,685	44,060	70,188	43,768
TOTAL ASSETS		121,302	105,959	120,743	105,645
LIABILITIES					
Current liabilities					
Trade and other payables	20	18,589	10,650	18,030	10,336
Provisions	21	1,359	1,086	1,359	1,086
Derivative financial instruments	22	1,770	11,031	1,770	11,031
Interest-bearing loans and borrowings	23	4,087	3,292	4,087	3,292
Total current liabilities		25,805	26,059	25,246	25,745
Non-current liabilities					
Provisions	21	8,581	8,119	8,581	8,119
Derivative financial instruments	22	382	-	382	-
Interest-bearing loans and borrowings	23	-	4,137	-	4,137
Total non-current liabilities		8,963	12,256	8,963	12,256
TOTAL LIABILITIES		34,768	38,315	34,209	38,001
NET ASSETS		86,534	67,644	86,534	67,644
EQUITY					
Contributed equity	24	218,073	216,457	218,073	216,457
Reserves	25	4,362	4,677	4,362	4,341
Accumulated losses	25	(135,901)	(153,490)	(135,901)	(153,154)
TOTAL EQUITY		86,534	67,644	86,534	67,644

The above statement of financial position should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

	Notes	Consolidated 2010 $000	Consolidated 2009 $000	Parent 2010 $000	Parent 2009 $000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		127,133	63,499	126,892	63,062
Payments to suppliers and employees (inclusive of GST)		(73,906)	(84,036)	(73,270)	(82,844)
Interest received		670	1,358	670	1,358
Interest and other costs of finance paid		(536)	(2,568)	(536)	(2,558)
Net (payments) receipts on derivative financial instruments		(17,976)	73,573	(17,976)	73,573
Receipts from other operating activities		1,174	363	1,168	363
Net cash flows from operating activities	26	36,559	52,189	36,948	52,954
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and investments		285	26	285	26
Payments for property, plant and equipment		(8,206)	(6,257)	(7,808)	(6,080)
Refund of security deposits		3	11	-	-
Loans to controlled entities		-	-	(4,973)	(6,229)
Payments for development expenditure		(4,777)	(4,211)	(4,777)	(4,211)
Payments for exploration and evaluation of mining tenements		(17,341)	(12,293)	(13,152)	(6,995)
Net cash flows used in investing activities		(30,036)	(22,724)	(30,425)	(23,489)
Cash flows from financing activities					
Proceeds from issue of shares		1,425	25,581	1,425	25,581
Repayment of borrowings		-	(60,675)	-	(60,675)
Repayment of finance lease liabilities		(3,294)	(2,982)	(3,294)	(2,982)
Capital raising costs		(145)	(3,320)	(145)	(3,320)
Net cash flows used in financing activities		(2,014)	(41,396)	(2,014)	(41,396)
Net increase (decrease) in cash held		4,509	(11,931)	4,509	(11,931)
Cash and cash equivalents at the beginning of the financial year		28,510	39,861	28,510	39,861
Effects of exchange rates on cash and cash equivalents		1,324	580	1,324	580
Cash and cash equivalents at the end of the financial year	12	34,343	28,510	34,343	28,510

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	Issued capital $000	Retained earnings $000	Shares available-for-sale reserve $000	Employee equity benefits reserve $000	Total equity $000
Consolidated					
At 1 July 2008	192,014	(91,131)	(210)	2,531	103,204
Loss for the period	-	(62,359)	-	-	(62,359)
Other comprehensive income	-	-	1,650	-	1,650
Total comprehensive income for the period	-	(62,359)	1,650	-	(60,709)
Transactions with owners in their capacity as owners					
Shares issued	25,864	-	-	-	25,864
Transaction costs on shares issued	(1,421)	-	-	-	(1,421)
Share-based payments	-	-	-	706	706
At 30 June 2009	216,457	(153,490)	1,440	3,237	67,644
At 1 July 2009	216,457	(153,490)	1,440	3,237	67,644
Profit for the period	-	17,589	-	-	17,589
Other comprehensive income	-	-	(390)	-	(390)
Total comprehensive income for the period	-	17,589	(390)	-	17,199
Transactions with owners in their capacity as owners					
Shares issued	1,761	-	-	-	1,761
Transaction costs on shares issued	(145)	-	-	-	(145)
Share-based payments	-	-	-	75	75
At 30 June 2010	218,073	(135,901)	1,050	3,312	86,534

STATEMENT OF CHANGES IN EQUITY (continued)

	Issued capital $000	Retained earnings $000	Shares available-for-sale reserve $000	Employee equity benefits reserve $000	Total equity $000
Parent					
At 1 July 2008	192,014	(90,985)	(210)	2,385	103,204
Loss for the period	-	(62,169)	-	-	(62,169)
Other comprehensive income	-	-	1,650	-	1,650
Total comprehensive income for the period	-	(62,169)	1,650	-	(60,519)
Transactions with owners in their capacity as owners					
Shares issued	25,864	-	-	-	25,864
Transaction costs on shares issued	(1,421)	-	-	-	(1,421)
Share-based payments	-	-	-	516	516
At 30 June 2009	216,457	(153,154)	1,440	2,901	67,644
At 1 July 2009	216,457	(153,154)	1,440	2,901	67,644
Profit for the period	-	17,253	-	-	17,253
Other comprehensive income	-	-	(390)	-	(390)
Total comprehensive income for the period	-	17,253	(390)	-	16,863
Transactions with owners in their capacity as owners					
Shares issued	1,761	-	-	-	1,761
Transaction costs on shares issued	(145)	-	-	-	(145)
Share-based payments	-	-	-	411	411
At 30 June 2010	218,073	(135,901)	1,050	3,312	86,534

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Jabiru Metals Limited (the Company) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 26 August 2010.

Jabiru Metals Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and derivative financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The Company has adopted ASIC Class Order 10/654 and has provided parent entity information in the financial report. The Company is an entity of the kind referred to in the Class Order.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009. Adoption of these Standards did not have any effect on the financial position or performance of the Group.

- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2]* effective 1 July 2009
- AASB 7 *Financial Instruments: Disclosures* effective 1 July 2009
- AASB 8 *Operating Segments* effective 1 July 2009
- AASB 101 *Presentation of Financial Statements (revised 2007)* effective 1 July 2009
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 July 2009
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* effective 1 July 2009
- AASB 2009-3 *Amendments to Australian Accounting Standards – Embedded Derivatives [AASB 139 and Interpretation 9]* effective 1 July 2009
- AASB 2009-6 *Amendments to Australian Accounting Standards* operative for periods beginning on or after 1 January 2009 that end on or after 30 June 2009
- AASB 3 *Business Combinations (revised 2008)* effective 1 July 2009
- AASB 127 *Consolidated and Separate Financial Statements (revised 2008)* effective 1 July 2009
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* effective 1 July 2009
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]* effective 1 July 2009
- AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)* effective 1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

- AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 July 2009
- AASB 2009-7 *Amendments to Australian Accounting Standards* effective 1 July 2009

  The amendments are editorial amendments to AASB 5, AASB 7, AASB 107, AASB 112, AASB 136, AASB 139 and AASB Interpretation 17 that have no major impact on the requirements of the amended pronouncements. The Group adopted this amendment as of 1 July 2009. The amendment had no impact on the application or wording of the Group's accounting policies.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have been recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2010, are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: • has primary responsibility for providing the goods or service; • has inventory risk; • has discretion in establishing prices; • bears the credit risk.	1 January 2010	The Group has not yet determined the extent of the impact of the amendment, if any.	1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5 (continued)		The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.			
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	The Group has not yet determined the extent of the impact of the amendment, if any.	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	1 January 2013	The Group has not yet determined the extent of the impact of the amendment, if any.	1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself).	1 January 2011	The Group has not yet determined the extent of the impact of the amendment, if any.	1 July 2011
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	The Group has not yet determined the extent of the impact of the amendment, if any.	1 July 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Interpretation 19***	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	The Group has not yet determined the extent of the impact of the amendment, if any.	1 July 2010

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Jabiru Metals Limited and its subsidiaries (as outlined in Note 27) as at 30 June each year.

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as described by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Jabiru Metals Limited and its subsidiaries are Australian dollars ($).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(g) Trade and other receivables

Trade receivables are generally received up to four months after the shipment date. The receivables are initially recognised at fair value.

Trade receivables are subsequently revalued by the marking-to-market of open sales. The Group determines mark-to-market prices using spot prices at each period end for copper and zinc concentrate.

Collectibility of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

The provisional pricing of the concentrate sales contracts gives rise to an embedded derivative in receivables. Refer to Note 2(i) for the Group policy on embedded derivatives.

(h) Inventories

Ore and concentrate

Inventories are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs.

Stores and fuel

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, and the estimated costs necessary to make the sale.

The recoverable amount of surplus items is assessed regularly on an ongoing basis and written down to its net realisable value when an impairment indicator is present.

(i) Derivative financial instruments

The Group uses derivative financial instruments to manage its risks associated with foreign currency and metals price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. The Company does not attempt to qualify for hedge accounting and therefore all derivative instruments are classified as held for trading and accordingly, the fair value movements in all derivatives are recognised in profit or loss.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Derivative financial instruments (continued)

Embedded derivatives – provisionally priced sales

The concentrate sales agreements provide for provisional pricing of sales at the time of shipment, with final pricing being based on the average London Metal Exchange copper and zinc price for a month specified in the sales agreement.

Both the gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in profit or loss and to trade receivables in the statement of financial position. The Group determines mark-to-market prices using the spot prices at each period end for copper and zinc concentrate.

(j) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit and loss, directly attributable transaction costs.

Recognition and derecognition
All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Loans and receivables

Loans and receivables, including loan notes, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

Available-for-sale assets

Available-for-sale investments are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments, or loans and receivables. After initial recognition, available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date.

(k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated using either units-of-production or straight-line depreciation as follows:

Major depreciation periods are:	
Buildings	Life of Mine
Plant and equipment	Life of Mine
Motor vehicles	3 – 5 years
Furniture and fittings	5 years
Leased assets	3 years
Mining plant and construction costs	Units-of-production

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(l) Exploration, evaluation, development and restoration costs

Exploration and evaluation expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to an abandoned area are written off to profit or loss in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mining properties under development

When technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, then any subsequent expenditure in that area of interest is classified as mine properties under development. These costs are not amortised but the carrying value is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Mining properties in production

Mine properties represent the accumulation of all acquisition, exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of the mineral resource has commenced. When further development expenditure, including waste development, is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a units-of-production basis, with separate calculations being made for each mineral resource. Estimated future capital to be incurred and waste development costs incurred in accessing the reserves and measured resources are taken into account in determining the amortisation charges. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure not yet amortised exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Company's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of the mines.

Annual increases in the provision relating to the change in the net present value of the provision are recognised as finance costs. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Lease

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term.

Operating lease payments are recognised as an expense through profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(n) Impairment of non-current assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an annual review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in metals prices, technology, economic and political conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or group of assets (cash generating unit). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(o) Trade and other payables

Trade and other payables are carried at amortised cost and, due to their short term nature, they are not discounted. They represent liabilities for goods or services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of the loan facilities that are used to fund the construction of qualifying assets are included as part of the carrying amount of the loans and borrowings and amortised over the life of the loan.

Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and cumulative sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Share-based payment transactions

Equity-settled transactions

The Group provides benefits to its employees (including Directors) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black Scholes Option Pricing Model, further details of which are given in Note 29.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Jabiru Metals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of:

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and

(iii) the expired portion of the vesting period.

The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Jabiru Metals Limited to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Jabiru in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share-based payment transactions (continued)

Equity-settled transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (refer to Note 11).

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence indicating that there has been a transfer of risks and rewards to the customer.

Sales revenue comprises revenue earned, net of treatment and refining charges, from the provision of product to customers. Product sales are initially recognised at a provisional spot price and are repriced at the average spot price for a month specified in the sales agreement. Such a provisional sale contains an embedded derivative (refer to Note 2(i) for the Group policy on embedded derivatives). The host contract is the sale of metals contained in the concentrate at the provisional contract price, net of treatment and refining charges, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. Both gains and losses from marking-to- market of open sales are recognised through adjustments to revenue in profit or loss and to trade receivables in the statement of financial position. The Group determines mark-to-market prices using spot prices at each period end for copper and zinc concentrate.

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(u) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income tax and other taxes (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Jabiru Metals Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2007.

The head entity, Jabiru Metals Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Separate Taxpayer within a Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Jabiru Metals Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 9.

Any difference between the amounts assumed and amounts receivable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Other taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to shareholders, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to shareholders, adjusted for:

- cost of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Comparatives

Comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, bank loans, finance leases, cash and short-term deposits and derivatives. The Company manages its exposure to key financial risks, including interest rate, currency risk and metals price risk, in accordance with policies approved by the Board of Directors. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The main risks arising from the Company's financial instruments are foreign currency risk, metals price risk and interest rate risk. The Company enters into derivative transactions to mitigate both metals price and foreign currency risk. In respect of mitigating metals price risk, the Company principally enters into forward contracts and purchases put options. To mitigate exposure to currency risk, the Company principally purchases Australian dollar call options and enters into forward contracts to buy Australian dollars. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits set by the Board. The Company uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to metals prices and foreign exchange risk and assessments of market forecasts for same. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, whilst liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Risk exposures and responses

All of the sensitivity analyses shown below are for the consolidated entity. Sensitivities for the parent entity have not been shown because its financial instruments are the same as the consolidated entity.

Foreign currency risk

As 100% of the Company's sales revenues are denominated in US dollars and the majority of operating costs are denominated in Australian dollars, the Company's cash flow is significantly exposed to movements in the A$:US$ exchange rate. The Company mitigates this risk through the use of derivative instruments, including but not limited to forward contracts and the purchase of Australian dollar call options.

In addition, the Company's primary debt facility was previously denominated in US dollars, enabling it to pay interest and debt repayments in US dollars and thereby further mitigating the exposure to the A$:US$ exchange rate. However, this facility was repaid in full during the previous financial year.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The financial instruments denominated in US dollars and then converted into the functional currency (i.e. A$) at the year end A$:US$ spot rate of $0.8523 (2009: $0.8114) were as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	14,265	11,291	14,265	11,291
Trade and other receivables (including embedded derivatives)	484	12,720	484	12,720
Derivative financial instruments - held for trading	4,075	1,346	4,075	1,346
	18,824	25,357	18,824	25,357
Financial liabilities				
Trade and other payables	3,026	1,003	3,026	1,003
Derivative financial instruments - held for trading	1,922	11,031	1,922	11,031
	4,948	12,034	4,948	12,034
Net financial assets	13,876	13,323	13,876	13,323

The cash balance only represents the cash held in the US dollar bank account at the reporting date and converted into Australian dollars at the 30 June 2010 A$:US$ exchange rate of $0.8523 (2009: $0.8114). The remainder of the cash balance of $20,078,000 (2009: $17,219,000) was held in Australian dollars and therefore not exposed to foreign currency risk.

The trade and other receivables amounts represent the US dollar denominated trade debtors. All other trade and other receivables were denominated in Australian dollars at the reporting date.

All interest-bearing liabilities were denominated in Australian dollars and therefore not exposed to foreign currency risk.

The following table summarises the sensitivity of financial instruments held at 30 June 2010 to movements in the A$:US$ exchange rate, with all other variables held constant. During the year ended 30 June 2010, the Australian dollar appreciated 5% from $0.8114 to $0.8523 against the US dollar. This 5% (+/-) movement has been used to determine the sensitivity of the Company's financial instruments at the reporting date to movements in the A$:US$.

	Consolidated and Parent			
	-5%		+5%	
Sensitivity of financial instruments to foreign currency movements	Profit after tax	Equity	Profit after tax	Equity
2010	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	751	751	(679)	(679)
Trade and other receivables (including embedded derivatives)	25	25	(23)	(23)
Derivative financial instruments - held for trading	(961)	(961)	1,181	1,181
	(185)	(185)	479	479
Financial liabilities				
Trade and other payables	(159)	(159)	144	144
Derivative financial instruments - held for trading	(423)	(423)	379	379
	(582)	(582)	523	523
Net sensitivity to foreign currency movements	(767)	(767)	1,002	1,002

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table summarises the sensitivity of financial instruments held at 30 June 2009 to movements in the A$:US$ exchange rate, with all other variables held constant. During the year ended 30 June 2009, the Australian dollar depreciated 16% from $0.9626 to $0.8114 against the US dollar. This 16% (+/-) movement has been used to determine the sensitivity of the Company's financial instruments at the reporting date to movements in the A$:US$.

	Consolidated and Parent			
	-16%		+16%	
Sensitivity of financial instruments to foreign currency movements	Profit after tax	Equity	Profit after tax	Equity
2009	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	2,151	2,151	(1,557)	(1,557)
Trade and other receivables (including embedded derivatives)	2,423	2,423	(1,754)	(1,754)
Derivative financial instruments - held for trading	(7,989)	(7,989)	18,709	18,709
	(3,415)	(3,415)	15,398	15,398
Financial liabilities				
Trade and other payables	(191)	(191)	138	138
Derivative financial instruments - held for trading	(2,117)	(2,117)	1,533	1,533
	(2,308)	(2,308)	1,671	1,671
Net sensitivity to foreign currency movements	(5,723)	(5,723)	17,069	17,069

Metals price risk

The Company's sales revenues are generated from the sale of copper, zinc and silver. Accordingly, the Company's cash flow is significantly exposed to movements in the price of these metals, particularly copper and zinc.

Copper

Copper concentrate sales have an average price finalisation period of up to 4 months from shipment date. At 30 June 2010, there were no copper concentrate sales remaining open as to price. At 30 June 2009, sales totalling 2,191 tonnes remained open as to price, with a mark-to-market price of US$5,014 per tonne compared with an average provisional contract price of US$4,584 per tonne.

Zinc

Zinc concentrate sales have an average price finalisation period of up to 4 months from shipment date. At 30 June 2010, sales totalling 1,946 tonnes remained open as to price, with a mark-to-market price of US$1,743 per tonne compared with an average provisional contract price of US$1,788 per tonne. At 30 June 2009, sales totalling 3,763 tonnes remained open as to price, with a mark-to-market price of US$1,557 per tonne compared with an average provisional contract price of US$1,498 per tonne.

The markets for copper, zinc and silver are freely traded and can be relatively volatile. As a small producer, the Company has no ability to influence metals prices. The Company mitigates this risk through derivative instruments, including, but not limited to, quotational period pricing, forward contracts and the purchase of put options.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Metals price risk (continued)

At the reporting date, the carrying value of the financial instruments exposed to metals price movements were as follows:

Financial instruments exposed to metals price movements	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Financial assets				
Trade and other receivables (including embedded derivatives)	185	7,680	185	7,680
Metals derivatives - held for trading	3,974	-	3,974	-
	4,159	7,680	4,159	7,680
Financial liabilities				
Metals derivatives - held for trading	1,922	11,031	1,922	11,031
	1,922	11,031	1,922	11,031
Net exposure	2,237	(3,351)	2,237	(3,351)

The following table summarises the sensitivity of financial instruments held at 30 June 2010 to movements in the copper price, with all other variables held constant. During the year ended 30 June 2010, the copper price increased 31% from US$4,967 per tonne to US$6,499 per tonne. This 31% (+/-) movement has been used to determine the sensitivity of the Company's financial instruments as at the reporting date to movements in the copper price.

Sensitivity of financial instruments to copper price movements	Consolidated and Parent			
	-31%		+31%	
	Profit after tax	Equity	Profit after tax	Equity
2010	$000	$000	$000	$000
Financial assets				
Metals derivatives – held for trading	8,296	8,296	(8,296)	(8,296)
	8,296	8,296	(8,296)	(8,296)
Financial liabilities				
Metals derivatives - held for trading	4,745	4,745	(4,745)	(4,745)
	4,745	4,745	(4,745)	(4,745)
Net sensitivity to copper price movements	13,041	13,041	(13,041)	(13,041)

The following table summarises the sensitivity of financial instruments held at 30 June 2009 to movements in the copper price, with all other variables held constant. During the year ended 30 June 2009, the copper price decreased 43% from US$8,698 per tonne to US$4,967 per tonne. This 43% (+/-) movement has been used to determine the sensitivity of the Company's financial instruments as at the reporting date to movements in the copper price.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Metals price risk (continued)

Sensitivity of financial instruments to copper price movements	Consolidated and Parent -43% Profit after tax	-43% Equity	+43% Profit after tax	+43% Equity
2009	$000	$000	$000	$000
Financial assets				
Trade and other receivables (including embedded derivatives)	(6,439)	(6,439)	6,439	6,439
	(6,439)	(6,439)	6,439	6,439
Financial liabilities				
Metals derivatives - held for trading	21,650	21,650	(21,650)	(21,650)
	21,650	21,650	(21,650)	(21,650)
Net sensitivity to copper price movements	15,211	15,211	(15,211)	(15,211)

The following table summarises the sensitivity of financial instruments held at 30 June 2010 to movements in the zinc price, with all other variables held constant. During the year ended 30 June 2010, the zinc price increased 13% from US$1,549 per tonne to US$1,743 per tonne. This 13% (+/-) movement has been used to determine the sensitivity of the Company's financial instruments at the reporting date to movements in the zinc price.

Sensitivity of financial instruments to zinc price movements	Consolidated and Parent -13% Profit after tax	-13% Equity	+13% Profit after tax	+13% Equity
2010	$000	$000	$000	$000
Financial assets				
Trade and other receivables (including embedded derivatives)	(587)	(587)	587	587
Metals derivatives - held for trading	2,643	2,643	(2,643)	(2,643)
	2,056	2,056	(2,056)	(2,056)
Financial liabilities				
Metals derivatives - held for trading	547	547	(547)	(547)
	547	547	(547)	(547)
Net sensitivity to zinc price movements	2,603	2,603	(2,603)	(2,603)

The following table summarises the sensitivity of financial instruments held at 30 June 2009 to movements in the zinc price, with all other variables held constant. During the year ended 30 June 2009, the zinc price decreased 19% from US$1,903 per tonne to US$1,549 per tonne. This 19% (+/-) movement has been used to determine the sensitivity of the Company's financial instruments at the reporting date to movements in the zinc price.

Sensitivity of financial instruments to zinc price movements	Consolidated and Parent -19% Profit after tax	-19% Equity	+19% Profit after tax	+19% Equity
2009	$000	$000	$000	$000
Financial assets				
Trade and other receivables (including embedded derivatives)	(1,519)	(1,519)	1,519	1,519
	(1,519)	(1,519)	1,519	1,519
Financial liabilities				
Metals derivatives - held for trading	4,786	4,786	(4,786)	(4,786)
	4,786	4,786	(4,786)	(4,786)
Net sensitivity to zinc price movements	3,267	3,267	(3,267)	(3,267)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Company's primary interest rate exposure was previously via a US$40 million debt facility. This facility was repaid in full during the 2009 financial year.

At the reporting date, the Company had the following exposure to interest rate risk on financial instruments:

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	34,343	28,510	34,343	28,510
Net exposure	34,343	28,510	34,343	28,510

There were no US dollar denominated financial instruments held at 30 June 2010 or 30 June 2009 therefore no sensitivity analysis is required.

The following table summarises the sensitivity of Australian dollar denominated financial instruments held at 30 June 2010 to movements in Australian interest rates, with all other variables held constant. During the year ended 30 June 2010, the Reserve Bank of Australia's official cash rate increased from 3.0% to 4.50%. This increase of 1.50% has been used to determine the sensitivity of the Australian dollar denominated financial instruments held at the reporting date to interest rate movements. The interest rate on the outstanding lease liabilities is fixed for the term of the lease, therefore there is no exposure to movements in interest rates.

	Consolidated and Parent			
	-1.50%		+1.50%	
	Profit after tax	Equity	Profit after tax	Equity
2010	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	(301)	(301)	301	301
Net exposure	(301)	(301)	301	301

The following table summarises the sensitivity of Australian dollar denominated financial instruments held at 30 June 2009 to movements in Australian interest rates, with all other variables held constant. During the year ended 30 June 2009, the Reserve Bank of Australia's official cash rate decreased from 7.25% to 3.00%. This decrease of 4.25% has been used to determine the sensitivity of the Australian dollar denominated financial instruments held at the reporting date to interest rate movements. The interest rate on the outstanding lease liabilities is fixed for the term of the lease, therefore there is no exposure to movements in interest rates.

	Consolidated and Parent			
	-4.25%		+4.25%	
	Profit after tax	Equity	Profit after tax	Equity
2009	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	(732)	(732)	732	732
Net exposure	(732)	(732)	732	732

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

With respect to trade receivables, following the transition to the agency arrangement during the 2009 financial year, the Company has reduced its exposure by now transacting directly with a number of customers instead of a single party. The credit risk in trade receivables is managed by the Company by undertaking a regular risk assessment process with credit limits imposed on customers.

Credit risk arising from sales to customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. This is generally paid promptly after vessel loading. Title to the concentrate does not pass to the buyer until this provisional payment is received by the Company. Sales to the customers without provisional payment terms are predominantly covered by a letter of credit with approved financial institutions.

Due to the large size of concentrate shipments, there are a relatively small number of transactions each month and therefore each transaction and receivable balance is actively managed on an ongoing basis with attention to timing of customer payments and imposed credit limits. The resulting exposure to bad debts is not considered significant.

In respect of available-for-sale financial assets and derivative financial instruments, the Company's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed below. The Company does not hold any credit derivatives to offset its credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Financial assets				
Cash and cash equivalents	34,343	28,510	34,343	28,510
Trade receivables	484	12,722	484	12,722
Other receivables - current	1,188	549	1,126	527
Other receivables - controlled entities	-	-	13,561	9,735
Other receivables - non-current	471	473	469	469
Available-for-sale financial assets	1,850	2,190	1,850	2,190
Derivative financial instruments - held for trading	4,710	8,786	4,710	8,786
Total exposure	43,046	53,230	56,543	62,939

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The ageing of receivables as at 30 June 2010 was as follows:

		Receivables aging analysis between			Currency of receivables	
	Total	< 6 months	6-12 months	1-5 years	A$	US$
2010	$000	$000	$000	$000	$000	$000
Consolidated						
Trade receivables	484	484	-	-	-	484
Other receivables - current	1,188	1,188	-	-	1,188	-
Other receivables - non-current	471	-	-	471	471	-
Derivative financial instruments - held for trading	4,710	1,916	1,946	848	635	4,075
	6,853	3,588	1,946	1,319	2,294	4,559
Parent						
Trade receivables	484	484	-	-	-	484
Other receivables - current	1,126	1,126	-	-	1,126	-
Other receivables - controlled entities	13,561	-	-	13,561	13,561	-
Other receivables - non-current	469	-	-	469	469	-
Derivative financial instruments - held for trading	4,710	1,916	1,946	848	635	4,075
	20,350	3,526	1,946	14,878	15,791	4,559

At 30 June 2010, none of the trade receivables were past due and to date the Company has always received prompt payment from its customers.

The ageing of receivables as at 30 June 2009 was as follows:

		Receivables aging analysis between			Currency of receivables	
	Total	< 6 months	6-12 months	1-5 years	A$	US$
2009	$000	$000	$000	$000	$000	$000
Consolidated						
Trade receivables	12,722	12,722	-	-	2	12,720
Other receivables - current	549	549	-	-	549	-
Other receivables - non-current	473	-	-	473	473	-
Derivative financial instruments - held for trading	8,786	6,218	2,444	124	7,440	1,346
	22,530	19,489	2,444	597	8,464	14,066
Parent						
Trade receivables	12,722	12,722	-	-	2	12,720
Other receivables - current	527	527	-	-	527	-
Other receivables - controlled entities	9,735	-	-	9,735	9,735	-
Other receivables - non-current	469	-	-	469	469	-
Derivative financial instruments - held for trading	8,786	6,218	2,444	124	7,440	1,346
	32,239	19,467	2,444	10,328	18,173	14,066

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and, in the case of exploration and new projects, shareholders funds.

Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The maturity of payables as at 30 June 2010 was as follows:

		Payables maturity analysis between			Currency of payables	
	Total	< 6 months	6-12 months	1-5 years	A$	US$
2010	$000	$000	$000	$000	$000	$000
Consolidated						
Trade payables	6,017	6,017	-	-	6,017	-
Other payables	12,561	12,561	-	-	9,535	3,026
Interest payable	89	89	-	-	89	-
Interest-bearing liabilities	4,087	4,087	-	-	4,087	-
Derivative financial instruments - held for trading	2,152	1,475	295	382	230	1,922
	24,906	24,229	295	382	19,958	4,948
Parent						
Trade payables	5,841	5,841	-	-	5,841	-
Other payables	12,179	12,179	-	-	9,153	3,026
Interest payable	89	89	-	-	89	-
Interest-bearing liabilities	4,087	4,087	-	-	4,087	-
Derivative financial instruments - held for trading	2,152	1,475	295	382	230	1,922
	24,348	23,671	295	382	19,400	4,948

The maturity of payables as at 30 June 2009 was as follows:

		Payables maturity analysis between			Currency of payables	
	Total	< 6 months	6-12 months	1-5 years	A$	US$
2009	$000	$000	$000	$000	$000	$000
Consolidated						
Trade payables	2,815	2,815	-	-	2,815	-
Other payables	7,817	7,817	-	-	6,814	1,003
Interest payable	632	309	234	89	632	-
Interest-bearing liabilities	7,429	1,609	1,684	4,136	7,429	-
Derivative financial instruments - held for trading	11,031	7,473	3,558	-	-	11,031
	29,724	20,023	5,476	4,225	17,690	12,034
Parent						
Trade payables	2,719	2,719	-	-	2,719	-
Other payables	7,598	7,598	-	-	6,595	1,003
Interest payable	632	309	234	89	632	-
Interest-bearing liabilities	7,429	1,609	1,684	4,136	7,429	-
Derivative financial instruments - held for trading	11,031	7,473	3,558	-	-	11,031
	29,409	19,708	5,476	4,225	17,375	12,034

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	Carrying amount		Fair value	
	2010	2009	2010	2009
	$000	$000	$000	$000
Consolidated				
Financial assets				
Cash	34,343	28,510	34,343	28,510
Receivables - current	1,672	13,271	1,672	13,271
Receivables - non-current	471	473	471	473
Available-for-sale financial assets*	1,850	2,190	1,850	2,190
Derivative financial instruments - held for trading**	4,710	8,786	4,710	8,786
	43,046	53,230	43,046	53,230
Financial liabilities				
Payables - current	18,589	10,650	18,589	10,650
Interest-bearing liabilities - current	4,087	3,292	4,087	3,292
Interest-bearing liabilities - non-current	-	4,137	-	4,137
Derivative financial instruments - held for trading**	2,152	11,031	2,152	11,031
	24,828	29,110	24,828	29,110
Parent				
Financial assets				
Cash	34,343	28,510	34,343	28,510
Receivables - current	1,610	13,249	1,610	13,249
Receivables - non-current	14,030	10,204	14,030	10,204
Available-for-sale financial assets*	1,850	2,190	1,850	2,190
Derivative financial instruments - held for trading**	4,710	8,786	4,710	8,786
	56,543	62,939	56,543	62,939
Financial liabilities				
Payables - current	18,030	10,336	18,030	10,336
Interest-bearing liabilities - current	4,087	3,292	4,087	3,292
Interest-bearing liabilities - non-current	-	4,137	-	4,137
Derivative financial instruments - held for trading**	2,152	11,031	2,152	11,031
	24,269	28,796	24,269	28,796

* The fair value of available-for-sale financial assets is calculated using quoted prices in active markets and are level 1 instruments.

** The fair value of derivative financial instruments is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) and are level 2 instruments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values (continued)

The methods and assumptions used to estimate the fair value of financial assets and liabilities are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Trade receivables/payables

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Interest-bearing liabilities

Fair value is calculated based on discounted expected future principal and interest cash flows.

Price risk

The Group's exposure to equity securities price risk is minimal. Equity securities price risk arises from investments in equity securities. The equity investments are publicly traded on the Australian Stock Exchange. The price risk for listed securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in notes 9,16 and 30 to the financial statements.

Significant accounting judgements

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include metals prices, technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined.

Capitalised development costs

Development costs are only capitalised by the Group when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the profit or loss.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using Black Scholes Option Pricing Model, with the assumptions detailed in Note 29. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Long service leave provision

As discussed in Note 2(q), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation of useful lives of assets

Depreciation commences when the asset is first available for use. Judgement is required in deciding when to start depreciating the mine property itself, as in many cases production is ramped up over an extended period of time.

The estimation of the useful lives of assets has been based on historical experience, lease terms and turnover policies.

In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 16.

Carrying value of exploration, evaluation and mine properties in production

The carrying value of the exploration, evaluation and mine properties in production is determined with reference to their estimated recoverable amounts. Estimated recoverable amounts refer to the revenue received from the sale of base metal concentrates.

Rehabilitation, restoration and environmental costs

Full provision for rehabilitation, restoration and environmental costs is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost was initially determined prior to commencement of the project for the bank feasibility study and, as the project progresses, these estimates may change.

5. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating and reportable segments are identified by management based on whether it relates to the mining and production process or exploration and evaluation activities of the Company. Discrete financial information about each of these operating businesses is reported to the executive management team on a monthly basis.

Types of products and services

Production and mining

The Company is a producer and supplier of zinc concentrate and copper concentrate. The copper concentrate also contains significant silver credits and a small portion of gold. The area of production and mining has been determined as both an operating segment and reportable segment.

Exploration and evaluation

The Company is involved in the ongoing exploration and evaluation of mining tenements. Exploration and evaluation of mining tenements has been determined as both an operating segment and reportable segment.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the accounts and in the prior period.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Fair value gains/losses on held-for-trading derivatives;
- Impairment losses on available-for-sale financial assets; and
- Finance costs – including adjustments on provisions due to discounting.

5. OPERATING SEGMENTS (continued)

	Continuing operations			
	Production and mining	Exploration and evaluation	Unallocated items	Total
	$000	$000	$000	$000
Year ended 30 June 2010				
Revenue				
Sales to external customers	106,862	-	-	106,862
Total segment revenue	106,862	-	-	106,862
Segment net operating profit (loss) after tax	37,037	(1,981)	-	35,056
Interest revenue	-	-	774	774
Finance costs – including adjustments on provisions due to discounting	-	-	(819)	(819)
Depreciation	(7,763)	(11)	(18)	(7,792)
Net loss on derivative financial instruments	-	-	(14,068)	(14,068)
Net foreign exchange gains	-	-	1,324	1,324
Other non-cash expenses	-	-	(411)	(411)
Impairment of available-for-sale financial assets	-	-	(86)	(86)
Income tax expense	-	-	-	-
Segment operating assets	52,323	27,304	48,713	128,340
Capital expenditure	17,639	469	64	18,172
Segment operating liabilities	15,736	13,435	3,016	32,187
Year ended 30 June 2009				
Revenue				
Sales to external customers	65,179	-	-	65,179
Total segment revenue	65,179	-	-	65,179
Segment net operating loss after tax	(103,446)	(2,726)	-	(106,172)
Interest revenue	-	-	1,176	1,176
Finance costs – including adjustments on provisions due to discounting	-	-	(2,484)	(2,484)
Depreciation	(18,456)	(18)	(57)	(18,531)
Net gain on derivative financial instruments	-	-	72,169	72,169
Net foreign exchange gains	-	-	(18,541)	(18,541)
Other non-cash expenses	-	-	(989)	(989)
Impairment of available-for-sale financial assets	-	-	(1,350)	(1,350)
Income tax expense	-	-	-	-
Segment operating assets	40,343	25,416	38,986	104,745
Capital expenditure	11,411	223	32	11,666
Segment operating liabilities	8,832	9,481	2,099	20,412

5. OPERATING SEGMENTS (continued)

(i) Segment revenue reconciliation to the statement of comprehensive income

	Consolidated	
	2010	2009
	$000	$000
Total segment revenue	106,862	65,179
Other revenue from continuing operations	2,014	1,540
Total revenue	108,876	66,719

Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic location based on the location of the customer. The Company does not have any external revenues from external customers that are attributable to any foreign country other than as shown.

	Consolidated	
	2010	2009
	$000	$000
Australia	64,443	66,719
Asia	25,134	-
Switzerland	19,299	-
Total revenue	108,876	66,719

Revenue from the sale of the concentrate, which is attributable solely to the production and mining segment, was comprised of different buyers, three of whom each equated to greater than 10% of total sale of concentrate for the period on a proportionate basis as follows:

	Consolidated	
	2010	2009
	$000	$000
Customer 1	62,429	66,719
Customer 2	19,299	-
Customer 3	18,863	-
Other	8,285	-
Total revenue	108,876	66,719

(ii) Segment net profit (loss) after tax reconciliation to the statement of comprehensive income

The management team meets on a monthly basis to assess the performance of each segment by analysing the segment's profit (loss) before tax. A segment's profit (loss) before tax excludes non-operating income and expense such as fair value gains and losses, gains and losses on disposal of assets and impairment charges of available-for-sale financial assets.

Reconciliation of segment net profit (loss) after tax to net profit (loss) before tax

	Consolidated	
	2010	2009
	$000	$000
Segment net profit (loss) after tax	35,056	(106,172)
Corporate expenses	(6,202)	(6,708)
Net gain on disposable of property, plant and equipment and investments	369	14
Finance costs – including adjustments on provisions due to discounting	(819)	(2,484)
Impairment of available-for-sale financial assets	(85)	(1,350)
Gain (loss) of derivative financial instruments	(14,068)	72,169
Foreign exchange gain (loss)	1,324	(18,541)
Other	2,014	713
Total net profit (loss) before tax per the statement of comprehensive income	17,589	(62,359)

5. OPERATING SEGMENTS (continued)

(iii) Segment assets reconciliation to the statement of financial position

Reconciliation of segment operating assets to total assets

	Consolidated	
	2010	2009
	$000	$000
Segment operating assets	128,340	104,745
Intersegment eliminations	(13,598)	(9,762)
Available-for-sale financial assets	1,850	2,190
Derivative financial instruments	4,710	8,786
Total assets per the statement of financial position	121,302	105,959

(iv) Segment liabilities reconciliation to the statement of financial position

Reconciliation of segment operating liabilities to total liabilities

	Consolidated	
	2010	2009
	$000	$000
Segment operating liabilities	32,187	20,412
Intersegment eliminations	(13,598)	(9,762)
Provisions	9,940	9,205
Interest-bearing liabilities	4,087	7,429
Derivative financial instruments	2,152	11,031
Total liabilities per the statement of financial position	34,768	38,315

6. REVENUE

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Sales revenue				
Value of payable metal	133,613	93,542	133,613	93,542
Treatment and refining charges	(19,654)	(17,801)	(19,654)	(17,801)
Shipment and wharfage costs	(7,097)	(10,562)	(7,097)	(10,562)
	106,862	65,179	106,862	65,179
Other revenue				
Interest received	774	1,176	774	1,176
Other revenue	1,240	364	1,235	364
	2,014	1,540	2,009	1,540
Total revenue	108,876	66,719	108,871	66,719

7. OTHER INCOME

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Gain on disposal of property, plant and equipment and investments				
Net gain on disposal of property, plant and equipment and investments	369	14	369	14
	369	14	369	14
(b) Gain on foreign exchange and derivative financial instruments				
Net foreign exchange gain on USD cash balances	1,324	-	1,324	-
Net gain on derivative financial instruments	-	72,169	-	72,169
	1,324	72,169	1,324	72,169
Total other income	1,693	72,183	1,693	72,183

8. EXPENSES AND LOSSES

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Cost of sales				
Production costs	43,161	49,186	43,161	49,186
Employee benefits expense	13,119	12,152	13,119	12,152
Depreciation and amortisation expense	7,763	18,456	7,763	18,456
Government royalties	5,782	2,745	5,782	2,745
	69,825	82,539	69,825	82,539
(b) Finance costs				
Interest and establishment fees on debt facilities	-	1,410	-	1,400
Rehabilitation and restoration borrowing costs	291	265	291	265
Finance charges payable on lease finance arrangements	528	809	528	809
	819	2,484	819	2,474
(c) Administration expenses				
Wages & salaries*	2,313	1,901	2,313	1,901
Shared-based payment expenses	411	989	411	516
Salary on-costs	451	331	451	331
	3,175	3,221	3,175	2,748
Depreciation	125	159	29	75
Less: capitalised depreciation expense	(96)	(84)	-	-
	29	75	29	75
General and administration expenses	3,009	3,430	3,009	3,430
	6,213	6,726	6,213	6,253

* Only relates to corporate employees. All site-based employees are included in the cost of sales.

8. EXPENSES AND LOSSES (continued)

	Consolidated		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
(d) Other expenses				
Exploration costs written off	1,773	2,708	1,115	2,312
Feasibility costs written off	197	-	39	-
Net loss on derivative financial instruments	14,068	-	14,068	-
Net foreign exchange loss on USD loan and cash balances	-	18,541	-	18,541
Impairment of available-for-sale financial assets	85	1,350	85	1,350
Impairment of property, plant and equipment	-	86,086	-	86,086
Other	-	827	-	827
Impairment of loans to controlled entities	-	-	1,147	689
	16,123	109,512	16,454	109,805
(e) Employee benefits expense				
Wages and salaries	15,353	14,983	15,353	14,983
Superannuation contributions	1,279	1,236	1,279	1,236
Share-based payments	411	989	411	516
	17,043	17,208	17,043	16,735
(f) Lease payments included in the statement of comprehensive income				
Minimum lease payments – operating leases	279	262	279	262

9. INCOME TAX

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Income tax expense				
The major components of income tax expense are:				
Statement of comprehensive income				
Current income tax				
Current income tax charge	-	-	-	-
Adjustments in respect of current income tax of previous years	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	-	-	-	-
Income tax expense reported in the statement of comprehensive income	-	-	-	-
(b) Amount charged or credited directly to equity				
Current income tax related to items charged (credited) directly to equity	-	-	-	-
Deferred income tax related to items charged (credited) directly to equity	-	-	-	-
(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate				
A reconciliation between tax expense and the product of accounting profit (loss) before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit (loss) before income tax	17,589	(62,359)	17,253	(62,169)
At the Parent Entity's statutory income tax rate of 30% (2009: 30%)	5,277	(18,708)	5,176	(18,651)
Share-based payments	123	297	123	155
Other expenditure not allowable/(deductible)	24	6	368	213
Under/over adjustments of previous years	240	(62)	261	(62)
Current year tax benefits not recognised	-	18,467	-	18,345
Benefit of tax losses not previously recognised	(5,664)	-	(5,928)	-
Aggregate income tax expense	-	-	-	-

9. INCOME TAX (continued)

(d) Deferred tax assets and liabilities

	Statement of financial position		Profit or loss		Equity	
	2010	2009	2010	2009	2010	2009
	$000	$000	$000	$000	$000	$000
Consolidated						
Deferred tax liabilities						
Other	(1,370)	(886)	511	(509)	(27)	27
Gross deferred tax liabilities	(1,370)	(886)	511	(509)	(27)	27
Deferred tax assets						
Property, plant and equipment and capitalised mining and exploration expenditure	7,357	14,193	6,836	(22,120)	-	-
Inventories	603	3,002	2,399	471	-	-
Borrowing costs	155	183	28	602	-	-
Capital raising costs	758	1,220	505	102	(43)	-
Other temporary differences	2,392	3,740	1,438	(750)	(90)	-
Income tax losses carried forward	27,309	21,256	(6,053)	3,737	-	-
Gross deferred tax assets	38,574	43,594	5,153	(17,958)	(133)	-
Current year tax benefits not recognised (benefit of tax losses not previously recognised)			(5,664)	18,467	(160)	27
Net deferred tax recognised in the statement of financial position	-	-				

	Statement of financial position		Profit or loss		Equity	
	2010	2009	2010	2009	2010	2009
	$000	$000	$000	$000	$000	$000
Parent						
Deferred tax liabilities						
Other	(1,370)	(886)	511	(509)	(27)	27
Gross deferred tax liabilities	(1,370)	(886)	511	(509)	(27)	27
Deferred tax assets						
Property, plant and equipment and capitalised mining and exploration expenditure	11,619	17,200	5,581	(23,927)	-	-
Inventories	603	3,002	2,399	471	-	-
Borrowing costs	155	183	28	602	-	-
Capital raising costs	758	1,220	505	102	(43)	-
Other temporary differences	2,392	3,740	1,438	(750)	(90)	-
Income tax losses carried forward	22,536	18,002	(4,534)	5,666	-	-
Gross deferred tax assets	38,063	43,347	5,417	(17,836)	(133)	-
Current year tax benefits not recognised (benefit of tax losses not previously recognised)			(5,928)	18,345	(160)	27
Net deferred tax recognised in the statement of financial position	-	-				

9. INCOME TAX (continued)

(e) Tax losses

At the reporting date, the consolidated entity had $91,031,000 (tax effected at 30%: $27,309,000) (2009: $70,854,000 (tax effected at 30%: $21,256,000)) of potential deferred tax assets attributable to tax losses carried forward. Utilisation of these losses is subject to the relevant tax loss recoupment provisions. These have not been brought to account at 30 June 2010 because the Directors do not believe it is appropriate to regard realisation of the future tax benefits as probable.

These benefits will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

(ii) the consolidated entity continues to comply with the conditions for the deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deduction for the losses.

(f) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Jabiru Metals Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2007. Jabiru Metals Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Separate Taxpayer within a Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes.* The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based on accounting profit, which is not an acceptable method of allocation under UIG 1052. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under UIG 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The terms and conditions for these transactions are disclosed in Note 27.

10. DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed during the year.

11. EARNINGS PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

Profit used in calculating basic and diluted earnings per share attributable to ordinary equity holders of the parent is $17,589,000 (2009: loss of $62,359,000).

(b) Weighted average number of shares

	2010 Number of shares	2009 Number of shares
Weighted average number of ordinary shares for basic earnings per share	551,558,117	501,212,839
Effect of dilution:		
Share options	1,593,606	-
Weighted average number of ordinary shares adjusted for the effect of dilution	553,151,723	501,212,839

There are instruments not included in the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for both of the periods presented. The weighted average number of potential ordinary shares that are anti-dilutive are 5,783,356 (2009: 19,211,424).

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

(c) Information on the classification of securities

Options

Options granted to employees (including key management personnel) as described in Note 29 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive. These options have not been included in the determination of basic earnings per share.

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Cash at bank and in hand	23,330	17,498	23,330	17,498
Short-term deposits	11,013	11,012	11,013	11,012
	34,343	28,510	34,343	28,510

13. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Trade receivables	484	12,722	484	12,722
GST receivable	894	167	832	145
Sundry debtors	270	89	270	89
Prepayments	24	293	24	293
	1,672	13,271	1,610	13,249

(a) All balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 3.

14. CURRENT ASSETS – INVENTORIES

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Fuel - at cost	87	119	87	119
Consumables - at net realisable value	4,219	2,707	4,219	2,707
ROM inventory - at net realisable value	1,376	2,969	1,376	2,969
Concentrate inventory - at cost	2,488	1,801	2,488	1,801
Concentrate inventory - at net realisable value	2,570	3,860	2,570	3,860
	10,740	11,456	10,740	11,456

(a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2010 totalled $2,011,000 (2009: $10,008,000) for the Group and the Company. This expense has been included in the cost of sales line item.

15. NON-CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Term deposits - performance bonds	469	469	469	469
Term deposits - other	2	4	-	-
Loans receivable from controlled entities	-	-	13,561	9,735
	471	473	14,030	10,204

The cash on deposit is interest-bearing and is used by way of security for government performance bonds.

Refer to Note 27 for further information on the terms and conditions of the loans receivable from controlled entities.

16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Property, plant and equipment				
Buildings - at cost	4,630	3,205	3,454	3,205
Accumulated depreciation and impairment	(3,032)	(2,722)	(2,966)	(2,722)
Net carrying amount	1,598	483	488	483
Mining plant under construction - at cost	10,958	4,016	10,958	4,016
Impairment	(764)	(1,782)	(764)	(1,782)
Net carrying amount	10,194	2,234	10,194	2,234
Mine properties in production - at cost	111,571	107,396	111,571	107,396
Accumulated depreciation and impairment	(104,387)	(98,428)	(104,387)	(98,428)
Net carrying amount	7,184	8,968	7,184	8,968
Plant and equipment - at cost	21,373	17,999	21,200	16,879
Accumulated depreciation and impairment	(16,455)	(14,560)	(16,365)	(14,457)
Net carrying amount	4,918	3,439	4,835	2,422
Motor vehicles - at cost	2,874	1,724	2,705	1,724
Accumulated depreciation and impairment	(1,871)	(1,556)	(1,826)	(1,556)
Net carrying amount	1,003	168	879	168
Furniture and fittings - at cost	472	425	472	425
Accumulated depreciation and impairment	(389)	(387)	(389)	(387)
Net carrying amount	83	38	83	38
Leased assets*	10,745	11,326	10,745	11,326
Accumulated depreciation and impairment	(9,734)	(9,856)	(9,734)	(9,856)
Net carrying amount	1,011	1,470	1,011	1,470
Total net carrying amount	25,991	16,800	24,674	15,783

* Motor vehicles and plant and equipment.

16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(b) Reconciliation of carrying amounts at the beginning and end of the period				
Reconciliations of the carrying amounts for each class of property, plant and equipment at the beginning and end of the current and previous financial year:				
Buildings				
Carrying amount at beginning of financial year	483	1,034	483	1,034
Additions	648	857	249	857
Transfers	739	1,213	-	1,213
Depreciation expense	(272)	(192)	(244)	(192)
Impairment charge	-	(2,429)	-	(2,429)
Carrying amount at end of financial year	1,598	483	488	483
Mining plant under construction				
Carrying amount at beginning of financial year	2,234	10,371	2,234	10,352
Additions	9,855	3,929	9,855	3,929
Transfers	(1,895)	(10,284)	(1,895)	(10,265)
Impairment charge	-	(1,782)	-	(1,782)
Carrying amount at end of financial year	10,194	2,234	10,194	2,234
Mine properties in production				
Carrying amount at beginning of financial year	8,968	71,930	8,968	71,930
Additions	4,175	4,559	4,175	4,559
Transfers	-	9,773	-	9,773
Depreciation expense	(5,959)	(16,280)	(5,959)	(16,280)
Impairment charge	-	(61,014)	-	(61,014)
Carrying amount at end of financial year	7,184	8,968	7,184	8,968
Plant and equipment				
Carrying amount at beginning of financial year	3,439	5,883	2,422	4,978
Additions	1,420	1,364	1,409	1,187
Disposals	(14)	-	-	-
Transfers	1,011	9,066	1,895	9,047
Depreciation expense	(938)	(1,192)	(891)	(1,108)
Impairment charge	-	(11,682)	-	(11,682)
Carrying amount at end of financial year	4,918	3,439	4,835	2,422
Motor vehicles				
Carrying amount at beginning of financial year	168	1,186	168	1,186
Additions	981	72	981	72
Transfers	145	-	-	-
Depreciation expense	(291)	(140)	(270)	(140)
Impairment charge	-	(950)	-	(950)
Carrying amount at end of financial year	1,003	168	879	168

16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(b) Reconciliation of carrying amounts at the beginning and end of the period (continued)				
Furniture and fittings				
Carrying amount at beginning of financial year	38	284	38	284
Additions	64	27	64	27
Disposals	(1)	-	(1)	-
Transfers	-	5	-	5
Depreciation expense	(18)	(56)	(18)	(56)
Impairment charge	-	(222)	-	(222)
Carrying amount at end of financial year	83	38	83	38
Leased assets				
Carrying amount at beginning of financial year	1,470	9,378	1,470	9,378
Additions	-	858	-	858
Disposals	(49)	(4)	(49)	(4)
Depreciation expense	(410)	(755)	(410)	(755)
Impairment charge	-	(8,007)	-	(8,007)
Carrying amount at end of financial year	1,011	1,470	1,011	1,470

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liability. Refer Note 23.

Total property, plant and equipment				
Carrying amount at beginning of financial year	16,800	100,066	15,783	99,142
Additions	17,143	11,666	16,733	11,489
Transfers	-	9,773	-	9,773
Disposals	(64)	(4)	(50)	(4)
Depreciation expense	(7,888)	(18,615)	(7,792)	(18,531)
Impairment charge	-	(86,086)	-	(86,086)
Carrying amount at end of financial year	25,991	16,800	24,674	15,783

(c) Impairment of Jaguar cash generating unit

At each reporting date, Accounting Standards require an assessment to be made as to whether there is any indication that non-current assets may be 'impaired'. Impairment exists when the 'recoverable amount' of the asset is lower than the amount at which it is carried in the accounts. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units (CGU's)). The recoverable amount is the higher of an asset's 'fair value less cost to sell' and 'value in use'. The impairment test of the Jaguar CGU was based on 'value in use' methodology.

Impairment assessment at 30 June 2010

An impairment assessment performed on 30 June 2010 non-current assets indicated that none were impaired, and similarly no reversal was required of impairment losses recognised in prior periods.

Impairment assessment at 30 June 2009

Around the time of the 2009 financial year end, quoted prices of the main products produced by the Jaguar CGU, being copper and zinc, fell to substantially lower levels. Such price falls were considered 'trigger events' under AASB 136 *Impairment of Assets*, therefore impairment testing was undertaken on 31 December 2008 balances.

16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Impairment of Jaguar cash generating unit (continued)

The estimates of future cash flows for the Jaguar CGU are based on significant assumptions including:

- Estimates of the quantities of mineral reserves for which there is a high degree of confidence of economic extraction. Non-reserve resources were not modelled;
- Future production levels and the ability to sell that production;
- Future product prices, which were based on spot prices for first twelve months and reputable third party forecasts for the remaining mine life of 2.5 years;
- Future cash costs of production, development and sustaining capital expenditure, rehabilitation and mine closure costs; and
- The asset specific discount rate applicable to the CGU, based on the Company's weighted average cost of capital and adjusted for business risk specific to the unit. The weighted average cost of capital used in the impairment testing was 14.3%.

As a result of the impairment test carried out during 2009, the carrying amount of the Jaguar CGU was determined to be higher than its recoverable amount and an impairment loss of $86,086,000 was recognised in the Group's statement of comprehensive income in the 2009 financial year. The impairment loss was allocated as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Property, plant and equipment	-	86,086	-	86,086
	-	86,086	-	86,086

17. NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
At fair value				
Shares - Australian listed companies	1,850	2,190	1,850	2,190
	1,850	2,190	1,850	2,190

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Listed shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

18. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Exploration and evaluation costs carried forward in respect of mining areas of interest				
Pre-production tenement costs	7,334	5,964	4,417	3,850
Exploration and evaluation phases	18,474	18,509	8,652	11,617
	25,808	24,473	13,069	15,467
(a) Reconciliation of carrying amount at beginning and end of the period				
Exploration and evaluation costs				
Carrying amount at beginning of financial year	24,473	14,741	15,467	10,721
Additions	17,993	12,440	13,444	7,058
Exploration expenditure written off	(1,970)	(2,708)	(1,154)	(2,312)
Transfer to mine properties in development	(14,688)	-	(14,688)	-
Carrying amount at end of financial year	25,808	24,473	13,069	15,467

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

During 2010, the Company reassessed the recoverable amounts for each tenement and $1,970,000 for the consolidated entity and $1,154,000 for the parent entity (2009: $2,708,000 and $2,312,000 respectively) was written off to profit or loss due to low prospectivity.

There may exist, on the exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties, or areas within the tenements, may be subject to exploration and mining restrictions.

19. NON-CURRENT ASSETS – MINE PROPERTIES IN DEVELOPMENT

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Mine properties in development	15,717	-	15,717	-
	15,717	-	15,717	-
(a) Reconciliation of carrying amount at beginning and end of the period				
Mine properties in development				
Carrying amount at beginning of financial year	-	9,773	-	9,773
Additions	1,029	-	1,029	-
Transfer to mine properties in production	-	(9,773)	-	(9,773)
Transfer from exploration and evaluation	14,688	-	14,688	-
Carrying amount at end of financial year	15,717	-	15,717	-

20. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Trade payables	6,017	2,815	5,841	2,719
Other payables	12,572	7,835	12,189	7,617
	18,589	10,650	18,030	10,336

21. PROVISIONS

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Current				
Provision for employee entitlements	1,338	1,020	1,338	1,020
Provision for deferred gain on sale and leaseback	21	66	21	66
	1,359	1,086	1,359	1,086

Movements in current provisions

Movements in each class of current provision during the financial year, other than employee benefits, are set out below:

(i) Deferred gain on sale and leaseback				
Carrying amount at beginning of financial year	66	61	66	61
Transfer from provision – non-current liabilities	21	66	21	66
Deferred gain recognised in profit or loss	(66)	(61)	(66)	(61)
Carrying amount at end of financial year	21	66	21	66

Non-current				
Provision for employee entitlements	414	222	414	222
Provision for rehabilitation costs	8,167	7,876	8,167	7,876
Provision for deferred gain on sale and leaseback	-	21	-	21
	8,581	8,119	8,581	8,119

Movements in non-current provisions

Movements in each class of non-current provision during the financial year, other than employee benefits, are set out below:

(i) Rehabilitation costs				
Carrying amount at beginning of financial year	7,876	7,216	7,876	7,216
Rehabilitation and restoration borrowing costs	291	265	291	265
Additional provision	-	395	-	395
Carrying amount at end of financial year	8,167	7,876	8,167	7,876

(ii) Deferred gain on sale and leaseback				
Carrying amount at beginning of financial year	21	87	21	87
Transfer to provision – current liabilities	(21)	(66)	(21)	(66)
Carrying amount at end of financial year	-	21	-	21

Employee entitlements

Refer to Note 2(q) for relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

21. PROVISIONS (continued)

Rehabilitation costs

Obligations currently exist to make good any disturbances on tenements held by the Company. The amount recognised for these obligations is the best estimate of the expenditure required to settle these obligations at the reporting date. It is expected that the majority of these obligations will be met at the conclusion of the Jaguar Project.

Provision for deferred gain on sale and lease back

This represents the excess of sales proceeds over the carrying amounts of the assets sold and will be amortised over the lease term.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Current assets				
Metals derivatives – held for trading	3,304	-	3,304	-
Currency derivatives - held for trading	558	8,662	558	8,662
	3,862	8,662	3,862	8,662
Current liabilities				
Metals derivatives - held for trading	1,770	11,031	1,770	11,031
	1,770	11,031	1,770	11,031
Non-current assets				
Metals derivatives – held for trading	670	-	670	-
Currency derivatives - held for trading	178	124	178	124
	848	124	848	124
Non-current liabilities				
Metals derivatives – held for trading	152	-	152	-
Currency derivatives – held for trading	230	-	230	-
	382	-	382	-

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates and metal prices.

The fair value of the derivative instruments at the reporting date is reflected in current and non-current assets and liabilities in the statement of financial position and is calculated by comparing the contracted rate to the market rates for derivatives with the same length of maturity.

The Company does not attempt to qualify for hedge accounting and therefore all derivative instruments are classified as held for trading and, accordingly, the fair value movements of all derivatives are recognised in profit or loss.

Refer to Note 3 and below for details of the foreign currency and metals price risk being mitigated by the Company's derivative instruments as at 30 June 2010 and 30 June 2009.

In the case of all options purchased, there were no outstanding premiums payable at 30 June 2010 or 30 June 2009.

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Currency derivatives - held for trading

US dollar put options purchased - held for trading at the reporting date were as follows:

	US dollar put options purchased Notional amounts (US$)		Weighted average A$:US$ exchange rate	
	2010	2009	2010	2009
	$000	$000		
0 – 6 months	20,000	87,300	0.9314	0.8588
6 – 12 months	21,000	62,100	0.9402	0.8992
12 – 18 months	5,000	2,000	0.8960	0.8250
Total/weighted average strike price	46,000	151,400	0.9314	0.8744

During the year, the increase in the fair value of the outstanding US dollar put options resulted in an unrealised gain of $464,000 (2009: gain of $4,192,000) being recorded in profit or loss.

US dollar collar structures (i.e. purchased put and sold call) - held for trading at the reporting date were as follows:

	US dollar collars Notional amounts (US$)		Weighted average A$:US$ exchange rate	
	2010	2009	2010	2009
	$000	$000		
0 – 6 months				
US$ put options purchased	10,000	19,400	0.8558	0.6947
US$ call options sold	10,000	19,400	0.7624	0.6143
6 – 12 months				
US$ put options purchased	7,000	4,000	0.8731	0.6950
US$ call options sold	7,000	4,000	0.7134	0.6150
12 – 18 months				
US$ put options purchased	9,000	-	0.8818	-
US$ call options sold	9,000	-	0.7134	-
18 – 24 months				
US$ put options purchased	4,000	-	0.8533	-
US$ call options sold	4,000	-	0.7000	-
Total/weighted average strike price				
US$ put options purchased	30,000	23,400	0.8672	0.6947
US$ call options sold	30,000	23,400	0.7253	0.6144

The increase in the fair value of the outstanding US dollar collar structures held at the reporting date resulted in an unrealised loss of $81,000 (2009: gain of $4,548,000) being recorded in profit or loss.

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Metals derivatives - held for trading

Copper

US dollar forward copper sales contracts - held for trading at the reporting date were as follows:

	US dollar forward copper sales Tonnes of metal		Weighted average price (US$/metric tonne)	
	2010	2009	2010	2009
0 – 6 months	3,530	5,490	6,286	4,093
6 – 12 months	2,000	2,694	6,644	4,001
12 – 18 months	850	-	6,636	-
Total	6,380	8,184	6,445	4,063

At the reporting date, the decrease in the fair value of the US dollar copper forward sales resulted in an unrealised loss of $637,000 (2009: loss of $9,144,000) being recorded in profit or loss.

US dollar forward copper purchase contracts - held for trading at the reporting date were as follows:

	US dollar forward copper purchases Tonnes of metal		Weighted average price (US$/metric tonne)	
	2010	2009	2010	2009
0 – 6 months	880	-	6,598	-
Total	880	-	6,598	-

At the reporting date, the decrease in the fair value of the US dollar copper forward purchase contracts resulted in an unrealised loss of $123,000 (2009: $nil) being recorded in profit or loss.

Zinc

US dollar forward zinc sales contracts - held for trading at the reporting date were as follows:

	US dollar forward zinc sales Tonnes of metal		Weighted average price (US$/metric tonne)	
	2010	2009	2010	2009
0 – 6 months	6,150	7,000	1,964	1,354
6 – 12 months	3,750	6,000	2,111	1,558
12 – 18 months	1,600	-	2,099	-
Total	11,500	13,000	2,031	1,448

At the reporting date, the decrease in the fair value of the US dollar zinc forward sales resulted in an unrealised gain of $2,812,000 (2009: loss of $1,887,000) being recorded in profit or loss.

23. INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Current				
Obligations under finance leases (Note 30)	4,087	3,292	4,087	3,292
	4,087	3,292	4,087	3,292
Non–current				
Obligations under finance leases (Note 30)	-	4,137	-	4,137
	-	4,137	-	4,137

(a) Fair value

The carrying amount of the Group's current and non-current loans and borrowings approximate to their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk are disclosed in Note 3.

(c) Assets pledged as security

All of the Company's assets are covered by a first ranking fixed and floating charge held jointly by ANZ Limited and BNP Paribas. The total carrying amount of assets pledged is $121,302,000 (2009: $105,959,000). In addition, the property, plant and equipment subject to the finance leases are disclosed in Note 16.

At the reporting date, there were no externally imposed capital requirements.

ANZ secured bank loan

On 31 August 2007, the Company entered into a loan facility arrangement for US$40,000,000 with ANZ and BNP Paribas. This facility was fully repaid during the 2009 financial year.

(d) Defaults and breaches

There were no defaults or breaches on the loan.

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Financing facilities available				
Finance lease	20,000	20,000	20,000	20,000
	20,000	20,000	20,000	20,000
Facilities used as at reporting date				
Finance lease	4,087	7,429	4,087	7,429
	4,087	7,429	4,087	7,429
Facilities unused as at reporting date				
Finance lease	15,913	12,571	15,913	12,571
	15,913	12,571	15,913	12,571

24. CONTRIBUTED EQUITY

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Fully paid issued capital	218,073	216,457	218,073	216,457

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in shares on issue	2010 No. of shares	2010 $000	2009 No. of shares	2009 $000
Balance at beginning of financial year	545,985,153	216,457	481,598,503	192,014
Issued during the year:				
- equity placements	-	-	63,601,650	25,581
- transaction costs	-	(145)	-	(1,421)
- conversion of options	5,700,000	1,425	-	-
- employee share equity issues	934,027	336	785,000	283
Balance at end of financial year	552,619,180	218,073	545,985,153	216,457

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly monitoring the capital structure to take advantage of the favourable costs of capital or high returns on assets.

Management has no current plans to issue further shares on the market or pay a further dividend.

In light of the metals price volatility inherent within the base metals industry, Jabiru Board and management take a conservative approach to debt and gearing. This was evidenced during 2009 when the Company realised significant in-the-money derivative positions in order to repay the entirety of the outstanding balance owing under its US$40,000,000 loan facility. Appropriate levels of gearing going forward will be determined according to an assessment of prevailing factors influencing ability to service debt. These factors include metal price and currency outlook, impact of derivative positions, continuity of production and revenues, as well as interest rates and other credit market conditions.

Management monitor capital through the gearing ratio (net debt / total capital). The gearing ratios based on continuing operations at 30 June were as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Total borrowings	4,087	7,429	4,087	7,429
Less cash and cash equivalents	(34,343)	(28,510)	(34,343)	(28,510)
Net debt	(30,256)	(21,081)	(30,256)	(21,081)
Total equity	86,534	67,644	86,534	67,644
Total capital	56,278	46,563	56,278	46,563
Gearing ratio*	-	-	-	-

*The gearing ratio is not applicable at 30 June 2010 or 30 June 2009 as the Company repaid its debt facilities in full during the 2009 financial year. The borrowings outstanding at 30 June 2010 and 30 June 2009 relate to lease liabilities.

25. RESERVES AND ACCUMULATED LOSSES

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Reserves				
Employee equity benefits reserve	3,312	3,237	3,312	2,901
Shares available-for-sale reserve	1,050	1,440	1,050	1,440
	4,362	4,677	4,362	4,341
Movements in employee equity benefits reserve				
Balance at beginning of financial year	3,237	2,531	2,901	2,385
Option and employee share plan expense	411	989	411	516
Issue of shares to employees during the year	(336)	(283)	-	-
Balance at end of financial year	3,312	3,237	3,312	2,901
Movements in shares available-for-sale reserve				
Balance at beginning of financial year	1,440	(210)	1,440	(210)
(Loss) gain on available-for-sale investments	(390)	1,440	(390)	1,440
Transfer to profit or loss	-	210	-	210
Balance at end of financial year	1,050	1,440	1,050	1,440
(b) Accumulated losses				
Balance at beginning of financial year	(153,490)	(91,131)	(153,154)	(90,985)
Net profit (loss)	17,589	(62,359)	17,253	(62,169)
Balance at end of financial year	(135,901)	(153,490)	(135,901)	(153,154)

(c) Nature and purpose of reserves

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 29 for further details of these plans.

Shares available-for-sale reserve

The shares available-for-sale reserve is used to record the changes in the fair value arising from revaluation of available for sale-financial-assets. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

26. CASH FLOW STATEMENT RECONCILIATION

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Reconciliation of the operating profit (loss) after tax to the net cash flows from operations				
Net profit (loss)	17,589	(62,359)	17,253	(62,169)
Adjustments for:				
Depreciation and amortisation	7,792	18,531	7,792	18,531
Exploration expenditure written off	1,970	2,708	1,154	2,312
Gain on disposal of plant and equipment and investments	(369)	(14)	(369)	(14)
Impairment of loans to controlled entities	-	-	1,147	689
Foreign exchange losses (gains) on borrowings and cash balances	(1,324)	18,541	(1,324)	18,541
Gain on deferred income	(66)	(61)	(66)	(61)
Employee share-based payment expenses	411	989	411	516
Impairment of property, plant and equipment	-	86,086	-	86,086
Impairment of available-for-sale asset	85	1,350	85	1,350
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	12,726	(9,430)	13,101	(9,127)
(Increase)/decrease in inventories	716	(874)	716	(874)
Increase/(decrease) in derivative financial instruments	(4,804)	1,036	(4,804)	1,036
Increase/(decrease) in trade and other payables	1,518	(4,721)	1,537	(4,269)
Increase/(decrease) in provisions	315	407	315	407
Net cash flows from operating activities	36,559	52,189	36,948	52,954

(b) Non-cash financing and investing activities				
Leases	-	858	-	858
Share-based payments	411	989	411	516
	411	1,847	411	1,374

27. RELATED PARTIES DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Jabiru Metals Limited and the subsidiaries listed in the following table:

		Equity Interest		Investment	
Name of Entity	Country of Incorporation	2010 %	2009 %	2010 $	2009 $
Jabiru Metals ESP Pty Ltd	Australia	100	100	1	1
Jabiru Metals Exploration Pty Ltd	Australia	100	100	1	1
Jabiru Metals Exploration Parent Pty Ltd	Australia	100	100	1	1
Jabiru Stockman Project Pty Ltd	Australia	100	100	1	1
Jabiru Stockman Parent Pty Ltd	Australia	100	100	1	1
CoGen Power Pty Ltd	Australia	-	100	-	1

27. RELATED PARTIES DISCLOSURE (continued)

(b) Key management personnel

Details relating to key management personnel (KMP), including remuneration paid, are included in Note 28.

(c) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related trade receivables at year-end, refer to Note 15).

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Aggregate amounts receivable from/payable to entities in the wholly-owned group at the reporting date:				
Non-current assets - other receivables	-	-	13,561	9,735

Loans were made between Jabiru Metals Limited and certain entities in the wholly-owned group. The loans receivable from controlled entities are interest-free and repayable on demand.

28. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
Short-term employee benefits	1,555,696	1,583,160	1,555,696	1,515,648
Post-employment benefits	95,082	112,921	95,082	112,921
Share-based payments	209,509	580,071	209,509	110,387
	1,860,287	2,276,152	1,860,287	1,738,956

28. KEY MANAGEMENT PERSONNEL (continued)

(b) Option holdings of key management personnel (number) (Consolidated)

2010	Held at 1 July 2009	Granted as remuneration	Options exercised	Net change other #	Held at 30 June 2010	Vested and not exercisable at 30 June 2010	Vested and exercisable at 30 June 2010
Directors							
B Bolitho	750,000	-	-	-	750,000	-	750,000
G Comb	8,500,000	-	(4,500,000)	-	4,000,000	-	4,000,000
M Marriott	-	-	-	-	-	-	-
R Kestel	1,200,000	-	(1,200,000)	-	-	-	-
Key management personnel							
S Donaldson	600,000	-	-	-	600,000	-	300,000
N Martin	450,000	-	-	-	450,000	-	210,000
P O'Donoghue	-	-	-	-	-	-	-
Total	**11,500,000**	**-**	**(5,700,000)**	**-**	**5,800,000**	**-**	**5,260,000**

2009	Held at 1 July 2008	Granted as remuneration	Options exercised	Net change other #	Held at 30 June 2009	Vested and not exercisable at 30 June 2009	Vested and exercisable at 30 June 2009
Directors							
B Bolitho	750,000	-	-	-	750,000	-	750,000
G Comb	8,500,000	-	-	-	8,500,000	-	8,500,000
M Marriott	-	-	-	-	-	-	-
R Kestel	1,200,000	-	-	-	1,200,000	-	1,200,000
Key management personnel							
S Donaldson	600,000	-	-	-	600,000	-	100,000
N Martin	450,000	-	-	-	450,000	-	50,000
D Warden*	400,000	-	-	(400,000)	-	-	-
Total	**11,900,000**	**-**	**-**	**(400,000)**	**11,500,000**	**-**	**10,600,000**

includes forfeited
* Mr Warden resigned February 2009 therefore options lapsed on termination.

28. KEY MANAGEMENT PERSONNEL (continued)

(c) Shares held in Jabiru Metals Limited (number) (Consolidated)

2010	Balance 1 July 2009	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 2010
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
Directors					
B Bolitho	-	-	-	-	-
G Comb	6,487,804	-	4,500,000	(3,500,000)	7,487,804
R Kestel	132,572	-	1,200,000	(1,000,000)	332,572
M Marriott	-	-	-	-	-
Key management personnel					
S Donaldson	2,027,093	-		378,472	2,405,565
N Martin	670,000	-	-	(670,000)	-
P O'Donoghue	-	-	-	-	-
D Grant	-	-	-	-	-
Total	**9,317,469**	**-**	**5,700,000**	**(4,791,528)**	**10,225,941**

2009	Balance 1 July 2008	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 2009
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
Directors					
B Bolitho	-	-	-	-	-
G Comb	6,317,804	-	-	170,000	6,487,804
R Kestel	132,572	-	-	-	132,572
M Marriott	-	-	-	-	-
Key management personnel					
S Donaldson	1,052,093	-	-	975,000	2,027,093
N Martin	-	-	-	670,000	670,000
D Warden	70,000	-	-	(70,000)	-
D Grant	-	-	-	-	-
Total	**7,572,469**	**-**	**-**	**1,745,000**	**9,317,469**

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Other transactions and balances with key management personnel and their related parties

A Director, Mr Kestel, is a 13% shareholder of Nissen Kestel Harford (NKH) and was a director of NKH until April 2010. NKH provide company secretarial services and taxation advice to the Company and its subsidiaries on an ongoing basis. The fees were based on normal commercial terms and conditions. Fees paid to NKH during the year totalled $37,000 (2009: $38,000).

A Director, Mr Bolitho, has a related company, Bolitho Mining Company, which provides consultancy services to the Company and its subsidiaries as required. The fees were based on normal commercial terms and conditions. Consultancy fees paid to Bolitho Mining Company during the year totalled $16,000 (2009: $4,000).

A previous Director of a consolidated entity, Mr Smith, has a related company, Orkney Energy, which provided consultancy services to the Company and its subsidiaries as required. The fees were based on normal commercial terms and conditions. No consultancy fees were paid to Orkney Energy during the year (2009: $49,000).

28. KEY MANAGEMENT PERSONNEL (continued)

(d) Other transactions and balances with key management personnel and their related parties (continued)

Amounts recognised at the reporting date in relation to transactions with key management personnel

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Current liabilities				
Trade and other payables	12	27	12	27
Total liabilities	12	27	12	27
Amounts recognised as expense				
Administration expenses	53	45	53	45
Total expenses	53	45	53	45

29. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Expense arising from equity-settled share-based payment transactions	411	989	411	516
Expense arising from cash-settled share-based payment transactions	-	-	-	-
Total expense arising from share-based payment transactions	411	989	411	516

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2010 and 2009.

(b) Types of share-based payment plans

Long-term executive incentive scheme (LTI)

The objective of the LTI scheme is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants of shares are only made to those executives who are able to directly influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdles. The intent of the LTI is to ultimately focus executive attention on the key outcomes under their control which will add value for shareholders, while recognising that there are many other issues for which they have responsibility and accountability, which must always be of an acceptable standard.

Current participants in the LTI scheme involve the Chief Operations Officer, the Chief Financial Officer and the Exploration Manager. The Managing Director is not currently a participant in this scheme.

The LTI provides a grant of equity in the form of share rights for Jabiru shares that vest after three years subject to certain conditions.

The number of share rights granted to participants depends on the extent to which individual and Company performance meet or exceed pre-determined annual performance hurdles for the financial year and are subject to Board discretion and other shareholder value considerations.

The LTI award is determined as a percentage allocation of a maximum number of shares rights attainable for the financial year for each eligible participant. The percentage allocation is determined at the discretion of the Remuneration and Nomination Committee based on the extent to which the executive and the Company achieve expected performance hurdles for the relevant financial year as follows:

29. SHARE-BASED PAYMENT PLANS (continued)

(b) Types of share-based payment plans (continued)

Long-term executive incentive scheme (continued)

Performance rating relative to objectives for the financial year	% of share entitlement that will be earned and that will vest at the end of three years
At or below expected performance	0%
Generally above expected performance	30%
Consistently exceeded performance	70%
Considerable additional value-added, in addition to consistently exceeding expected performance	100%

Performance hurdles are customised to the functional area of each participant as follows:

Operational:
- Safety, environment and heritage;
- Operational capacity;
- Metal production and cost; and
- Future value additions.

Exploration:
- Safety, environment and heritage;
- Mineral resource additions; and
- Strategic tenement additions.

Financial:
- Accounting and statutory reporting;
- Internal controls and management reporting;
- Bank funding arrangements; and
- Treasury and financial risk management.

When a participant ceases employment prior to their annual allocation or the vesting of their share rights, the allocations and share rights are forfeited. In the case of redundancy, death, serious or permanent incapacity or hardship, the Board may waive this condition in relation to some or all of the rights held by the participant.

If, in the opinion of the Board, a change of control event has occurred, or is likely to occur due to a takeover offer, the Board may transfer unallocated or unvested share rights to participants.

The proportion of annual share entitlements which are not earned by the participant will lapse and will neither accrue to the participant, nor accumulate for vesting at the end of the three year period.

Executive share option plan

The Company has an ownership based compensation scheme for employees (including executive Directors). Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The share option plan is a component of remuneration which closely aligns employee interests with those of shareholders. The exercise price of options issued to employees is set such that employees will realise financial benefit in circumstances where the company share price has appreciated. The purpose is the option plan is to reward for past performance, to assist recruitment/retention of key personnel, and provide incentive to employees to create shareholder value. Accordingly, the number of options issued to an employee is not subject to specific performance conditions but will be a function of:

- the employee's track record of achievement;
- the company's ability to recruit and retain individuals with the required skills and experience; and
- the employee's potential to influence value creating activities and projects.

29. SHARE-BASED PAYMENT PLANS (continued)

Executive share option plan (continued)

(c) Summaries of share rights and options granted

(i) Shares

The number of share rights granted under the long-term executive incentive scheme for the consolidated entity during the year were as follows:

	2010 No. of share rights granted	2010 No. of share rights vested	2009 No. of share rights granted	2009 No. of share rights vested
Maximum potential shares granted to executives under the long-term incentive scheme	934,027	934,027	785,000	1,650,000

(ii) Options

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at the beginning of the year	17,043,342	$0.43	19,493,342	$0.43
Granted during the year	-	-	-	-
Forfeited during the year	(1,065,000)	$0.66	(2,450,000)	$0.65
Exercised during the year	(5,700,000)	$0.25	-	-
Expired during the year	(58,342)	$0.25	-	-
Outstanding at the end of the year	10,220,000	$0.47	17,043,342	$0.40
Exercisable at the end of the year	7,769,000	$0.42	11,348,342	$0.28

The outstanding balance as at 30 June 2010 is represented by:

- 2,750,000 exercisable options over ordinary shares with an exercise price of $0.25 each.
- 2,000,000 exercisable options over ordinary shares with an exercise price of $0.30 each.
- 695,000 exercisable options over ordinary shares with an exercise price of $0.57 each.
- 425,000 exercisable options over ordinary shares with an exercise price of $1.00 each.
- 1,899,000 exercisable options over ordinary shares with an exercise price of $0.61 each.
- 1,225,500 options over ordinary shares with an exercise price of $0.61 each, exercisable upon meeting the above conditions and until 31 March 2011.
- 1,225,500 options over ordinary shares with an exercise price of $0.61 each, exercisable upon meeting the above conditions and until 31 March 2012.

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 1.80 years (2009: 1.95 years).

29. SHARE-BASED PAYMENT PLANS (continued)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was $0.25 - $1.00 (2009: $0.25 - $1.00).

As the range of exercise prices is wide, refer to section (c) above for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $nil as no options were granted (2009: $nil).

(g) Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

No options have been issued during the years ended 30 June 2010 or 30 June 2009.

30. COMMITMENTS AND CONTINGENCIES

	Consolidated		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
(a) Commitments				
(i) Leasing commitments				
Operating lease commitments				
The Group leases various offices and residential properties with varying terms, escalation clauses and renewal rights.				
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:				
Within one year	255	277	255	277
After one year but no more than five years	233	237	233	237
After more than five years	23	-	23	-
Total minimum lease payments	511	514	511	514
Finance lease and hire purchase commitments				
The Company has finance leases for various items of plant and machinery with a carrying amount $1,011,000 (2009: $1,470,000) for both the Group and the Company. These lease contracts expire within one year. The leases have a purchase option.				
Future minimum lease payments under lease contracts with the present value of net minimum lease payments are as follows:				
Within one year	4,176	3,835	4,176	3,835
After one year but not more than five years	-	4,226	-	4,226
Total minimum lease payments	4,176	8,061	4,176	8,061
Less amount representing finance charges	(89)	(632)	(89)	(632)
Present value of minimum lease payments	4,087	7,429	4,087	7,429
Included in the financial statements as:				
Current interest-bearing loans and borrowings (Note 23)	4,087	3,292	4,087	3,292
Non-current interest-bearing loans and borrowings (Note 23)	-	4,137	-	4,137
Total included in interest-bearing loans and borrowings	4,087	7,429	4,087	7,429

30. COMMITMENTS AND CONTINGENCIES (continued)

	Consolidated		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
(ii) Property, plant and equipment commitments				
The Group and Company had contractual obligations to purchase plant and equipment for $1,916,000 (2009: $6,000,000) for both the Group and the Company at the reporting date.				
Commitments contracted for at reporting date but not recognised as liabilities are as follows:				
Within one year	1,916	6,000	1,916	6,000
	1,916	6,000	1,916	6,000
(iii) Remuneration commitments				
Commitments for payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities are as follows:				
Within one year	615	615	615	615
After one year but not more than five years	308	923	308	923
	923	1,538	923	1,538

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Directors and executives referred to in the Remuneration Report of the Directors' Report that are not recognised as liabilities and are not included in the compensation of KMP.

(iv) Exploration commitments				
The Company has various contractual obligations relating to exploration tenements.*				
Commitments for payments in relation to exploration tenements are payable as follows:				
Within one year	5,331	5,042	5,331	5,042
After one year but not more than five years	7,261	11,330	7,261	11,330
After more than five years	8,710	7,555	8,710	7,555
	21,302	23,927	21,302	23,927

* These costs are discretionary. If the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

(v) Other commitments				
The Company has various contractual obligations which relate primarily to contracts for gas supply and haulage.				
Commitments for payments in relation to contracts are payable as follows:				
Within one year	16,552	11,029	16,552	11,029
After one year but not more than five years	16,642	10,530	16,642	10,530
After more than five years	559	-	559	-
	33,753	21,559	33,753	21,559

30. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies

A native title claim has been made with respect to tenements within the Stockman Project area. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event whether or not and to what extent the claims may significantly affect their project.

The Group has performance bonds totalling $2,108,000 (2009: $1,946,000) which have been granted in favour of various government authorities and service providers by Australia and New Zealand Banking Group Limited and BNP Paribas. Further performance bonds of $469,000 for the both the Group and the parent entity (2009: $469,000 for both the Group and the parent entity) are in the form of term deposits and are included in Note 15 Non-current assets – receivables.

31. EVENTS AFTER THE REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years, other than as stated elsewhere in the accounts.

32. AUDITOR'S REMUNERATION

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
The auditor of Jabiru Metals Limited is Ernst & Young.				
Amounts received or due and receivable by Ernst & Young (Australia) for:				
• An audit or review of the financial report of the entity and any other entity in the consolidated Group	113,300	143,410	113,300	143,410
• Other services in relation to the entity and any other entity in the consolidated Group	27,233	-	27,233	-
	140,533	143,410	140,533	143,410

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Jabiru Metals Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company and the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010.

On behalf of the Board

.....
G Comb
Managing Director

Perth,
Western Australia

Date: 26 August 2010

ERNST & YOUNG

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Independent auditor's report to the members of Jabiru Metals Limited

Report on the Financial Report

We have audited the accompanying financial report of Jabiru Metals Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed.

PM:MB:JABIRU:041

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Jabiru Metals Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the financial position of Jabiru Metals Limited and the consolidated entity at 30 June 2010 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Jabiru Metals Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Peter McIver
Partner
Perth
26 August 2010

PM:MB:JABIRU:041

ASX Additional Information

As at 11 August 2010 the Company had 552,619,180 fully paid ordinary shares held by 6,666 individual shareholders and 10,220,000 options held by 48 individual option holders.

DISTRIBUTION OF SHARES

Holding range	Fully paid ordinary shares	Options
1 – 1,000	465	-
1,001 – 5,000	1,876	-
5,001 – 10,000	1,349	-
10,001 – 100,000	2,648	29
100,001 and over	328	19
	6,666	**48**

Of the above shareholdings, 588 ordinary shareholders held less than a marketable parcel.

Substantial shareholders as at 11 August 2010:

The details of the substantial shareholder as set out in a notice given to the Company:

- Metals X Limited – 110,468,574

TWENTY LARGEST SHAREHOLDERS (as at 11 August 2010)

	Ordinary Shareholders	No. of Shares held	Percentage Held
1	Metals X Limited	110,468,574	19.99
2	National Nominees Limited	76,380,811	13.82
3	JP Morgan Nominees Australia Limited	53,472,660	9.68
4	Sun Hung Kai Investment Services Ltd (Client Account)	32,269,666	5.84
5	HSBC Custody Nominees (Australia) Limited	22,188,040	4.02
6	Citicorp Nominees Pty Limited	12,303,460	2.23
7	Cogent Nominees Pty Limited (SMP Accounts)	10,544,527	1.91
8	Perth Select Seafoods Pty Ltd	5,850,000	1.06
9	Sun Hung Kai Investment Services Ltd (Client Account)	5,000,000	0.90
10	Sun Hung Kai Investment Services Ltd (Client Katong Assets Ltd Account)	4,200,000	0.76
11	Sun Hung Kai Investment Services Ltd (Client Future Rise Inv Account)	4,000,000	0.72
12	ANZ Nominees Limited (Cash Income Account)	3,902,116	0.71
13	RBC Dexia Investor Services Australia Nominees Pty Limited (BK Cust Acct)	3,302,997	0.60
14	Citicorp Nominees Pty Limited (Commonwealth Small Co Fd 9 Account)	3,270,206	0.59
15	Citicorp Nominees Pty Limited (Commonwealth Bank Off Super Account)	3,034,710	0.55
16	Bluedale Pty Ltd (Comb Superfund Account)	2,900,000	0.52
17	Maxplan Investments Limited	2,500,000	0.45
18	Jemaya Pty Ltd (The Featherby Family Account)	2,000,000	0.36
19	LA Jarrah Pty Ltd (LA Jarrah Account)	1,750,000	0.32
20	Bluedale Pty Ltd	1,500,000	0.27
		360,837,767	**65.30**

RESTRICTED SECURITIES

There were no restricted securities at the date of this report.

VOTING RIGHTS

The voting rights attaching to fully paid ordinary shares are as follows:

On a show of hands every member present in person or by proxy is entitled to one vote. Upon a poll each share carries one vote. Options do not carry a right to vote.

MINING TENEMENTS

Schedule of interests in mining tenements:

Tenement	Interest	Status
Jaguar and Teutonic Bore Project		
M37/44	100%	Granted
M37/515	100%	Granted
E37/258	100%	Granted
M37/1132	100%	Granted
M37/1153	100%	Granted
E37/829	100%	Granted
E37/899	100%	Granted
E37/900	100%	Granted
E37/902	100%	Granted
E37/941	100%	Granted
E37/963	100%	Granted
E37/965	100%	Granted
P37/7209	100%	Granted
P37/1032	100%	Granted
P37/1038	100%	Application
P37/1039	100%	Application
P37/1040	100%	Application
P37/1044	100%	Granted
P37/1068	100%	Application
P37/7236	100%	Granted
P37/7351	100%	Granted
P37/7519	100%	Granted
M37/1228	100%	Granted
M37/1230	100%	Granted
M37/1231	100%	Granted
M37/1257	100%	Granted
M37/1170	100%	Granted
M37/1227	100%	Granted
G37/24	100%	Granted
L37/133	100%	Granted
L37/134	100%	Granted
L37/148	100%	Granted
L37/167	100%	Granted
L37/168	100%	Granted
L37/169	100%	Granted
L37/177	100%	Granted
L37/178	100%	Granted
L37/183	100%	Application
L37/184	100%	Granted
L37/189	100%	Granted
L37/190	100%	Granted
L37/193	100%	Application
L37/200	100%	Application
L37/81	100%	Granted
L37/7818	100%	Application

Tenement	Interest	Status
Lennon's Find		
M45/368	95%	Granted
Twin Peaks		
E59/1182	100%	Granted
E59/1183	100%	Granted
E59/1244	100%	Granted
Benambra		
EL5045	100%	Granted
EL5073	100%	Application
EL5198	100%	Granted
MIN5523	100%	Application
Gindalbie Project		
E27/440	100%	Application
E27/441	100%	Application
Bentley Project		
M37/1290	100%	Granted
Black Flag Project		
P26/3791	100%	Application
P26/3792	100%	Application
P26/3793	100%	Application
P26/3794	100%	Application
P26/3795	100%	Application
P26/3796	100%	Application
P26/3797	100%	Application
P26/3798	100%	Application
P26/3799	100%	Application
P26/3800	100%	Application
P27/2041	100%	Application
P27/2042	100%	Application
P27/2043	100%	Application
P27/2044	100%	Application
P27/2045	100%	Application
P27/2050	100%	Application
P27/2051	100%	Application
P27/2052	100%	Application

Bentley Diamond Drilling: Significant Results 2009/10

HOLE ID	MGA94 EAST	MGA94 NORTH	Dip/Azi (mag)	DEPTH FROM (m)	INTERVAL	Cu wt%	Pb wt%	Zn wt%	Ag g/t	Au g/t	True Width (m)	Sulphide Style	Lens
GT15	321083	6847963	-64/66	317.9	1.4	no significant results					0.9	Massive	Arnage
				319.3	2.7	0.1	0.2	3.9	37	0.1	1.7	Stringer	-
09BTDD001	321073	6847639	-68/066	528.7	1.5	0.3	0.0	11.9	96	0.2	0.9	Massive	Brooklands
				621.9	5.7	0.5	1.4	28.0	278	1.3	3.4	Massive	Arnage
				627.6	1.9	2.1	0.2	8.5	121	0.6	1.1	Stringer	-
09BTDD001-W1	321073	6847639	-68/066	487.3	2.8	0.1	0.4	6.2	61	0.5	1.7	Semi-massive	Brooklands
				501.8	4.6	no significant results					2.8	Semi-massive	Brooklands
				576.55	2.65	11.6	0.0	0.6	188	0.8	1.6	Massive	Arnage
				579.2	4.2	4.1	0.1	1.6	82	0.4	2.5	Stringer	-
09BTDD008	321093	6847728	-60/067	373.87	3.43	0.1	2.2	12.4	245	0.8	2.3	Massive	Mulsanne
			includes	376.3	1	0.1	2.4	32.2	320	0.6	0.7	Massive	Mulsanne
				383.78	4.32	2.8	0.3	23.3	195	1.7	3	Massive	Arnage
			includes	384.7	1.6	5.2	0.2	27.7	235	3.0	1.2	Massive	Arnage
				377.3	0.32	0.1	0.9	7.5	69	0.4	0.2	Stringer	-
				382.3	0.86	0.3	0.7	1.9	53	0.3	0.5	Stringer	-
				388.1	2.7	1.8	1.9	0.2	144	3.1	1.8	Stringer	-
			includes	388.1	1.07	4.7	0.5	3.2	356	2.0	0.7	Stringer	-
09BTDD009	321005	6847667	-65/067	484.8	1.7	1.0	0.8	14.6	123	0.9	1.2	Massive	Brooklands
				486.5	0.6	0.0	0.7	3.0	40	0.1	0.4	Stringer	
09BTDD010	321094	6847729	-53/067	321.1	4.75	1.6	1.4	30.4	364	1.3	3.8	Massive	Mulsanne
				332.85	5.75	6.7	1.2	9.5	254	1.4	4.6	Massive	Arnage
				338.6	16.4	5.6	0.0	0.7	32	0.9	13.0	Stringer	-
			includes	343.2	2.1	11.6	0.0	0.6	76	2.7	1.7	Stringer	-
			includes	348.7	3.95	9.4	0.0	1.8	39	1.5	3.1	Stringer	-
			includes	352.65	2.35	4.1	0.0	0.3	22	0.4	2	Stringer	-
09BTDD011	321054	6847745	-62/066	-	-	no significant results					-	-	-
09BTDD012	321099	6847657	-60/066	406.9	7.65	0.8	2.3	13.1	217	0.6	5.7	Massive	Arnage
			includes	407.25	1.75	1.0	3.2	27.8	341	0.6	1.3	Massive	Arnage
				414.55	2.45	0.1	0	2.9	9	0.2	1.8	Stringer	-
09BTDD013	321056	6847746	-55/066	376.65	0.75	0.6	4.8	16.4	326	0.9	0.6	Massive	Mulsanne
				389.6	4.4	0	0.4	4.8	39	0.2	3.4	Stringer	-
09BTDD014	321051	6847597	-63/066	530.3	4.4	0.8	0.2	11.3	57	0.9	3.5	Massive	Arnage
			includes	532.35	1.85	1.5	0.2	22.3	96	1.2	1.4	Massive	-
				534.7	3.8	2.6	0.1	3.6	59	2.2	3.1	Stringer	-
			includes	535.4	1.1	4.1	0.2	6.4	125	1.9	0.8	Stringer	-
09BTDD015	321431	6847824	-63/246	296.3	15.1	2.9	1.1	18.3	211	2.4	5.4	Massive	Arnage
Hole drilled down dip			includes	300.3	2.7	12.1	0.3	13.3	346	6.9	1.0	Massive	Arnage
				328.6	10.7	0.4	0.7	24.6	214	0.1	3.9	Massive	Mulsanne
				410.3	1.0	0.1	0.6	0.7	132	43.1	0.4	Qtz Vein	-
				411.3	18.9	2.3	0.8	13.8	166	0.4	7.6	Massive	Brooklands
			includes	415	1.0	17.3	0.	4.2	1124	1.3	0.4	Massive	Brooklands
09BTDD016	321100	6847657	-55/066	367.2	15.2	1.8	1.4	26.3	268	1.9	12.0	Massive	Arnage
			includes		6.8	1.6	1.4	37.3	292	1.7	5.3	Massive	Arnage
				382.4	1.6	1.7	0.3	2.9	176	1.0	1.3	Stringer	-
09BTDD017	321267	6847942	-64/175	263.4	4.75	0.4	2.9	17.4	138	0.6	-	Massive	Mulsanne
Hole drilled along strike				308.2	136.8	3.4	1.0	17.5	215	1.3	-	Massive	Arnage
			includes	312.3	21.7	3.7	1.2	23.5	198	0.9	-	Massive	Arnage
			includes	348.5	42.8	2.9	1.7	25.5	383	2.4	-	Massive	Arnage
			includes	408	10.3	11.4	0.2	14.3	199	0.8	-	Massive	Arnage
				449	2.3	1.0	0.6	7.0	60	0.6	-	Massive	Arnage
09BTDD018	321092	6847733	-57/066	351.4	4.8	0.8	1.9	24.3	197	0.8	3.5	Massive	Mulsanne
				361.15	3.65	3.7	0.8	23.9	159	0.7	2.7	Massive	Arnage
				364.8	2.9	0.2	0.6	8.7	43	0.3	2.7	Stringer	-
09BTDD019	321172	6847725	-60/066	264.8	1.9	1.9	0.2	22.3	276	0.7	1.5	Massive	Arnage

HOLE ID	MGA94 EAST	MGA94 NORTH	Dip/Azi (mag)	DEPTH FROM (m)	INTERVAL	Cu wt%	Pb wt%	Zn wt%	Ag g/t	Au g/t	True Width (m)	Sulphide Style	Lens
				266.7	4.3	0.3	0.5	5.7	82	0.3	3.5	Stringer	-
09BTDD020	321211	6847687	-60/066	-	-	no significant results					-	-	-
09BTDD021	321156	6847576	-60/066	-	-	no significant results					-	-	-
09BTDD022	321104	6847581	-65/066	515.7	4.3	4.3	0.3	9.3	156	1.1	2.8	Massive	Arnage
			includes	517.7	1.8	9.0	0.2	5.5	218	1.2	1.2	Massive	Arnage
			includes	519.5	0.5	0.7	0.1	26.9	48	0.4	0.3	Massive	Arnage
				539	2	2.0	0.0	0.9	17	0.1	1.3	Stringer	-
09BTDD023	320979	6847720	-60/066	-	-	no significant results					-	-	-
09BTDD024	321050	6847528	-60/066	-	-	hole abandoned					-	-	-
09BTDD025	321051	6847528	-69/066	614.1	2.8	0.1	1.7	5.1	189	0.3	2.0	Stringer	
				616.9	10	3.4	0.3	7.9	201	1.0	7.0	Massive	Arnage
			Includes	622.85	1.5	0.8	1.2	27.9	224	1.0	1.1	Massive	Arnage
			includes	626	0.9	16.0	0.2	1.1	749	1.8	0.6	Massive	Arnage
				626.9	0.7	4.4	0.1	0.3	345	1.3	0.5	Stringer	-
09BTDD026	321007	6847668	-70/066	669	-	no significant results						-	-
09BTDD027	321110	6847582	-62/066	473	-	no significant results						-	-
09BTDD028	321077	6847797	-56/066	339.8	3.9	0.7	2.6	22.5	492	1.2	3.0	Massive	Mulsanne
				353.35	3.05	2.5	0.8	17.1	164	0.9	2.3	Massive	Arnage
				356.4	5.3	3.5	0.1	4.3	52.3	0.3	4.0	Stringer	
09BTDD029	320995	6847466	-68/066	764.4	-	no significant results					-	-	-
09BTDD030	321127	6847502	-67/066	549.1	-	no significant results					-	-	-
09BTDD031	320995	6847354	-65/066	782.5	-	no significant results					-	-	-
09BTDD032	321075	6847792	-50/066	318.8	4.3	0.1	0.9	16.5	120	0.3	3.9	Massive	Mulsanne
				332.3	0.6	4.8	0.1	18.9	61	1.2	0.4	Massive	Arnage
09BTDD033	321118	6847869	-68/066	325.7	5.0	0.8	0.5	30.2	128	0.7	2.9	Massive	Mulsanne
				344	5.8	2.9	0.1	2.1	30	0.6	3.2	Stringer	
09BTDD034	321127	6847582	-62/066	272.2	5.8	1.7	0.5	10.5	120	0.2	4.3	Massive	Mulsanne
				285.6	2.4	9.4	0.1	4.3	148	0.3	1.9	Massive	Arnage
				288	2.5	8.0	0.1	4.5	129	0.2	1.9	Semi-massive	Arnage
09BTDD035	321115	6847879	-54/066	260.4	1.2	0.1	0.8	6.3	86	0.3	0.9	Stringer	-
				275	3	0.1	0.4	6.7	58	0.5	2.4	Stringer	-
09BTDD036	321054	684767	-55/66	344.9	0.7	0.3	0.1	9.1	30	0.4	0.6	Stringer	-
				345.6	0.7	0.2	0.3	24.3	146	0.6	0.6	Massive	Arnage
				346.3	4.0	0.1	0.4	6.6	124	0.5	3.2	Stringer	-
10BTDD001	321053	6847867	-65/66	393	3.3	0.4	0.9	19.1	124	0.5	2.4	SemiMassive	Mulsanne
			includes	393	0.8	1.3	1.9	27.7	3045	0.8	0.5	Massive	Mulsanne
			includes	395.2	1.1	0.1	1.2	33.1	812	0.6	0.8	Massive	Mulsanne
				396.3	1.4	0.2	0.3	9.4	190	1.6	1.0	Stringer	-
10BTDD002	321078	6847903	-55/66	284.95	4.15	0.1	1.0	8.0	78	0.3	3.4	Massive	Mulsanne
			includes	286.9	0.7	0.1	0.2	20.6	40	0.6	0.6	Massive	Mulsanne
				294	2.9	0.4	0	11.4	34	0.2	2.4	Stringer	-
			includes	295.4	0.5	1.3	0.1	35.4	114	0.8	0.5	Massive	Arnage
10BTDD003	321078	6847903	-65/66	339.3	1.1	0.6	3.6	12.2	174	1.1	0.7	SemiMassive	Mulsanne
				340.4	2.1	0.3	0.7	5.3	90	0.5	1.4	Stringer	-
				352.6	2.9	1.6	0.9	33.5	145	0.8	1.9	Massive	Arnage
				355.5	4.5	1.7	0.1	2.6	56	0.3	3	Stringer	-
10BTDD004	321081	6847936	-60/66	295	0.4	no significant results					0.3	Massive	Arnage
10BTDD005	321080	6847936	-72/66	388.3	0.6	2.1	0.1	9.5	130	4.3	0.3	massive	Mulsanne
10BTDD006	321040	6847976	-55/66	-	-	no significant results					-	-	-
10BTDD007	321039	6847976	-67/066	324.3	3.2	0.0	1.3	7.1	106	3.1	2.1	Stringer	-
			includes	326.0	1.5	0.0	1.9	10.2	161	6.5	1.0	Stringer	-
				327.5	0.5	0.1	3.2	31.6	265	0.4	0.3	Massive	Comet (?)
				331.0	2.5	0.6	0.7	23.4	159	0.9	1.6	Massive	Comet
				333.5	2.0	0.7	0.3	8.7	120	0.3	1.3	Stringer	-
10BTDD008	321081	6848025	-70/66	-	-	no significant results					-	-	-

HOLE ID	MGA94 EAST	MGA94 NORTH	Dip/Azi (mag)	DEPTH FROM (m)	INTERVAL	Cu wt%	Pb wt%	Zn wt%	Ag g/t	Au g/t	True Width (m)	Sulphide Style	Lens
10BTDD009-W1*	320759	6847881	-52/066	-	-	no significant results					-	-	-
10BTDD010*	320832	6848106	-53/067	-	-	no significant results					-	-	-
10BTDD011	320941	6847461	-62/066	738.9	9.6	1.9	3.6	14.6	309	2.6	7.9	Massive	Arnage
			includes	738.9	2.3	0.3	13.4	19.8	828	8.0	1.7	Massive	-
			includes	743.8	2.7	0.7	1.5	26.5	204	1.2	2.1	Massive	-
			includes	746.5	2.9	5.6	0.7	9.4	223	1.9	2.3	Massive	-
10BTDD012	320874	6847522	-62/064	740.5	2.7	1.2	4.8	22.9	420	1.6	2.0	Massive	New Lens?
				783.9	5.3	1.1	1.8	27.7	235	1.2	4.0	Massive	Arnage
10BTDD013	320996	6847384	-62/64	729.4	2.7	0.6	1.3	7.7	107	0.7	2.1	Massive	Arnage
10BTDD014	321069	6847388	-63/64	649.1	0.2	0	1.4	32.5	149	0.3	0.1	Stringer	-
10BTDD015	321049	6847298	-65/59	743.5	0.2	0.1	0.9	26.5	195	0.6	0.1	Massive	Arnage

** Northern Target Zone holes*

Jaguar South Diamond Drilling: Significant Results 2009/10

HOLE ID	MGA94 EAST	MGA94 NORTH	Dip/Azi (mag)	DEPTH FROM (m)	INTERVAL	Cu wt%	Pb wt%	Zn wt%	Ag g/t	Au g/t	True Width (m)	Sulphide Style
07TRDD004	319709	6851104	-55/060	713.1	21.9	0.0	0.1	1.4	4	0	18	Stringer
			includes	719.2	1.0	0.0	0.1	7.9	26	0	0.8	Stringer
TBD-0231	319665	6851410	-61/060	736.8	0.6	0.0	0.2	0.8	28	2.4	0.5	Stringer
				737.4	2.6	0.0	0.3	1.1	29	0.2	2.4	Stringer
				759.9	0.4	0.1	0.1	7.3	17	0.0	0.3	Stringer
TBD-0246	319496	6851832	-69/071	-	-	no significant results						Stringer
10TRDD001	319862	6851336	-53/066	482.2	7.2	0.0	0.1	4.4	13.4	0.0	7.1	Stringer
				489.4	0.7	0.2	0.1	31.7	414	0.1	0.7	Semi-massive
				497.8	0.5	0.1	0.1	27.3	90	0.0	0.5	Stringer
10TRDD002	319691	6851262	-55/066	663.0	8.0	0.0	0.0	4.0	2	0.0	7.0	Stringer
10TRDD003	319823	6850993	-55/063	-	-	no significant results					-	Stringer

Stockman Diamond Drilling: Significant Results 2009/10

HOLE ID	MGA94 EAST	MGA94 NORTH	Dip/Azi (mag)	DEPTH FROM (m)	INTERVAL	Cu wt%	Pb wt%	Zn wt%	Ag g/t	Au g/t	True Width (m)	Sulphide Style
09SMDD003	581097	5905989	-48/123	123.0	59.8	0.0	0.0	0.0	0	0.4	-	Vein
09SMDD008	578762	5904730	-54/116	272.0	4.5	0.4	0.4	2.1	13	3.7	-	Disseminated
			includes	275.0	1.5	0.1	0.3	2.0	8	10.3	-	Disseminated
10SMDD010	581019	5907125	-45/140	441.3	0.4	0.2	0.7	2.1	9	0.0	-	Disseminated

Exploration Drilling & Reporting Parameters

Exploration Drilling Parameters: NQ & HQ diameter diamond core with holes logged and sampled at nominal 1 metre intervals adjusted to geological boundaries (min. 0.3m, max. 1.5m). Samples were cut and either quarter or half core samples were dispatched to Genalysis Laboratory in either Perth or Adelaide. Complete samples were crushed, sub-sampled to 1.2 kg and pulverised. Ore grade analysis for Cu, Pb, Zn and Fe was by four acid digest with AAS finish (0.01% d.l.) or with OES finish (Fe 0.01% d.l.; Pb 5ppm d.l.; Cu, Zn 1ppm d.l.); Ag was by four acid digest with MS finish (0.2g/t d.l.) or OES finish (1g/t d.l.); Au was by 50 gramme fire assay with AAS finish (0.01g/t or 1ppb d.l.). Certified precious and base metal standards plus blanks were also submitted for analysis. Geological boundary of massive sulphide used to define limits for reporting of of significant massive sulphide intercepts, and a lower cut-off grade of 1.0% Cu was used to define reported ore grade stringer intervals. No lower cut off was applied for reporting of non-resource drilling.

Resource tables

JAGUAR PROJECT MINERAL RESOURCES AS AT 1 JULY 2010

Mineralisation Type	Classification	Tonnes	Cu %	Zn %	Pb %	Ag g/t	Au g/t
Jaguar Resource (July 2010)							
Massive	Measured	476,000	5.0	10.8	0.8	148	-
Massive	Indicated	306,000	3.3	6.1	0.6	96	-
Massive	Inferred	6,000	3.2	8.5	0.7	82	-
Sub Total In-situ Resource		**788,000**	**4.3**	**9.0**	**0.7**	**127**	**-**
Surface Stockpiles	Measured	35,000	1.5	4.0	0.3	46	-
Total	**Measured**	**511,000**	**4.7**	**10.4**	**0.7**	**141**	**-**
Total	**Indicated**	**306,000**	**3.3**	**6.1**	**0.6**	**96**	**-**
Total	**Inferred**	**6,000**	**3.2**	**8.5**	**0.7**	**82**	**-**
Total Jaguar Underground Resource		**823,000**	**4.2**	**8.8**	**0.7**	**124**	**-**
Bentley Resource (June 2010)							
Massive Sulphide	Indicated	1,328,000	1.9	15.3	1.0	184	0.8
Stringer	Indicated	975,000	1.7	2.3	0.1	34	0.3
Total Bentley Underground Resource		**2,303,000**	**1.8**	**9.8**	**0.6**	**121**	**0.6**
Teutonic Bore Resource (August 2009)							
Massive	Indicated (transitional)	20,000	4.3	11.7	1.1	200	-
Massive	Indicated (fresh)	132,000	1.7	16.7	1.5	223	-
Sub Total Massive	**Indicated**	**152,000**	**2.1**	**16.0**	**1.4**	**220**	**-**
Stringer	Indicated	719,000	1.5	0.7	-	23	-
Stringer	Inferred	608,000	1.4	0.7	-	25	-
Sub Total Stringer	**Indicated & Inferred**	**1,478,000**	**1.5**	**2.2**	**-**	**44**	**-**
Surface Stockpiles	Indicated	75,000	2.2	6.1	-	147	-
Total	**Indicated**	**946,000**	**1.7**	**3.6**	**-**	**65**	**-**
Total	**Inferred**	**608,000**	**1.4**	**0.7**	**-**	**25**	**-**
Total Teutonic Bore Resource		**1,553,000**	**1.6**	**2.5**	**-**	**43**	**-**
JAGUAR PROJECT GLOBAL RESOURCE TOTAL		**4,680,000**	**2.1**	**7.2**	**-**	**98**	**-**

Note: *Cut-off grades - 0% Cu for massive sulphide, 0.5% Cu for Bentley Stringer, 0.7% Cu for Teutonic Bore Stringer.*

STOCKMAN PROJECT MINERAL RESOURCES AS AT 1 JULY 2010

Mineralisation Type	Classification	Tonnes	Cu %	Zn %	Pb %	Ag g/t	Au g/t
Currawong Resource (September 2009)							
Massive	Indicated	8,269,000	2.0	4.3	0.8	42	1.1
Massive	Inferred	475,000	2.0	4.7	0.9	41	1.2
Sub Total Massive	**Indicated & Inferred**	**8,744,000**	**2.0**	**4.3**	**0.8**	**42**	**1.1**
Stringer	Indicated	283,000	2.3	2.5	0.2	21	0.8
Stringer	Inferred	146,000	1.4	1.2	0.4	23	1.1
Sub Total Stringer	**Indicated & Inferred**	**429,000**	**2.0**	**2.1**	**0.3**	**22**	**0.9**
Total Currawong Underground Resource		**9,173,000**	**2.0**	**4.2**	**0.8**	**41**	**1.1**
Wilga Resource (September 2009)							
Massive	Indicated	2,302,000	2.6	6.2	0.5	35	-
Massive	Inferred	10,000	1.5	6.9	0.7	40	-
Sub Total Massive	**Indicated & Inferred**	**2,312,000**	**2.6**	**6.2**	**0.5**	**35**	**-**
Stringer	Indicated	529,000	2.3	3.0	0.3	23	-
Stringer	Inferred	487,000	1.8	0.8	0.1	14	-
Sub Total Stringer	**Indicated & Inferred**	**1,016,000**	**2.1**	**1.9**	**0.2**	**19**	**-**

Total Wllga Underground Resource		**3,328,000**	**2.4**	**4.9**	**0.4**	**30**	**-**
Currawong & Wilga Resource							
Massive & Stringer	Indicated	11,383,000	2.1	4.6	0.7	39	-
Massive & Stringer	Inferred	1,118,000	1.8	2.6	0.5	27	-
Total Stockman Resource		**12,501,000**	**2.1**	**4.4**	**0.7**	**38**	**-**

Note: *Cut-off grades - 0% Cu for massive sulphide, 0.5% Cu or 2% Zn for Stringer. Insufficient analytical data to determine Au grades for Wilga resource.*

LENNONS FIND PROJECT MINERAL RESOURCES AS AT 1 JULY 2010

Mineralisation Type	Classification	Tonnes	Cu %	Zn %	Pb %	Ag g/t	Au g/t
Hammerhead Resource (August 2005)							
Semi/Massive	Inferred	853,000	0.7	7.7	1.8	115	-
Total Hammerhead Resource		**853,000**	**0.7**	**7.7**	**1.8**	**115**	**-**

Note: *Cut-off grades - 0% Zn for semi to massive sulphide. Insufficient analytical data to determine Au grade.*

STOCKMAN PROJECT - CURRAWONG & WILGA RESOURCES

Mineral Resource Estimate Parameters

Geological setting	Currawong and Wilga are V(H)MS style deposits, occurring as polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lenses within a volcano-sedimentary succession. Wilga is a single stratabound lens whereas Currawong comprises multiple stratabound lenses with a series of faults offsetting and stacking the lenses. Wilga has been mined previously but Currawong has not.
Drilling techniques	Principally diamond drilling with the exception of several RC precollars drilled by Denehurst and Austminex. None of the RC samples have been used in the resource estimates. The surface diamond drilling is a mixture of HQ, NQ and BQ core sizes, with BQ occurring only in the older WMC holes. The underground holes at Wilga were drilled LTK46 (Ø = 35.6mm)
Drillhole Spacing	Diamond drill coverage at Wilga is on a nominal 25x25m pattern and at Currawong is on a nominal 50mx25m pattern. Minimum hole spacing ~10m and maximum hole spacing ~70m. Some holes were twinned in the 2008 drilling campaign
Drillhole Collar Positions	Most historic drillhole collar positions were surveyed by licensed or company surveyors. The 2008 drillhole collar positions were located using RTK GPS equipment. All resource work has been conducted on local grids
Drillhole directional control	Dip and Azimuth readings – generally good quality surveys using downhole camera shots at about 30m intervals
Geometry of intercepts	Surface drilling intersects the massive sulphide lenses almost perpendicular to the lens orientation at both Currawong and Wilga. The underground fan drilling at Wilga has some intercepts that are almost dip parallel. Some sample bias will occur in the Wilga deposit due to this fan drilling orientation but most of the affected area has already been mined and is excluded from the resource estimate.
Sampling techniques	Mostly sawn half-core samples of NQ, BQ and LTK46, or quarter-core samples of HQ varying in length up to 1m in the massive sulphide and adjusted to geological boundaries. Some quarter-core NQ samples by Austminex where core was needed for metallurgical testwork. All massive sulphide intercepts have been sampled
Data spacing and distribution	The data spacing and distribution is more than sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied
Sample preparation and assaying	All samples were crushed and a sub-sample pulverised followed by three or four acid digest with AAS or ICP determination. All samples apart from the WMC samples were prepared and analysed at independent laboratories. The assay techniques are for total digestion of the sulphides and are considered appropriate for this type of mineralisation. Lower detection limits were to 0.01% for Cu, Pb, Zn and to 1ppm for Ag
Audits or reviews	The Stockman database was rigorously checked during a data compilation and validation stage in 2008. Routine quality assurance checks were run on the samples and assays from the 2008 drill program. A further review was conducted by Runge Limited in October 2009 which identified no significant issues other than some aspects of the variography, derivation of kriging parameters and search neighbourhoods. Subsequent review (by Wildfire and JML staff) of these aspects concluded that there was no material issue that required action.
Sample compositing	1m downhole composites with length and density weighting, face sampling at Wilga was not used for grade interpolation in the 2009 model
Density	Many samples had measured densities using either water immersion or air pycnometer techniques. For those samples with no density measurement, a calculated density was applied to the sample. The assays for Cu, Pb, Zn and Fe were compared with the measured densities and a power regression curve developed for each deposit. Densities were used in the sample compositing
Quality Control procedures	In comparison with modern requirements, minimal quality control procedures were adopted by companies completing the drilling programs before Jabiru (eg. inclusion of only 17 field standards, 62 duplicates, 84 external laboratory checks in total). This shortfall was recognised by Jabiru and more rigorous check sampling programs were implemented. Quality control procedures in the 2008 drilling program by Jabiru included the insertion of standards, blanks, duplicates and cross-lab checks. The check samples allowed detection of low order sample contamination at the laboratory during the sample preparation stage and subsequent change in procedures for preparation of Jabiru samples (insertion of barren flushes between samples), along with a positive bias in Zn assays using the ICP/OES technique (up to 10% higher than anticipated Zn grades). This technique is under review currently with an alternate technique being tested at Genalysis, and may involve re-assaying all 2008 anomalous samples again for Zn. Other elements analysed are within acceptable limits. Results from duplicate sampling indicate that stringer zone Cu has poor repeatability. Repeatability is moderate to good for most other elements.
Drill sample recovery	Core sample recovery was good to excellent. Some lost core intervals have been recorded, particularly where structures such as faults or underground workings (Wilga) were intersected by the drilling. These intervals do not affect the resource estimate.
Geological logging and photography	Holes were logged and photographed by the various companies completing the drilling programs. Some core has been photographed both wet and dry. Geological logging is adequate for resource estimation.
Geological interpretation	Confidence in the geological interpretation for Wilga is high, with the mineralisation and geological setting being simple and the availability of underground drilling, mapping and plans confirming the interpretation. Currawong is more structurally complex and whilst confidence in the geological interpretation is good, there is room for improvement with more drilling and further data review required to firm up some of the finer detail. Both deposits have been modelled using the massive sulphide as the main geological constraint. The main factors controlling continuity at Currawong are a series of post-mineralisation faults which are interpreted as disrupting the lenses.

Dimensions	Currawong (Main Lens) is about 300m long, 240m wide (down-dip), up to 35m thick and located 100-300m below surface. Wilga is about 400m long, 220m wide (down-dip), up to 35m thick and located 50-150m below surface
Estimation and modelling techniques	Ordinary kriging was used for grade estimation utilising Surpac software. Search parameters were based on variogram models for each element. Grade estimation was constrained to the massive sulphide lens and stringer sulphide lens wireframes. At Wilga, high grade portions of the Cu and Zn mineralisation were domained to reduce smearing of high grades throughout the lens. Bulk density cell values were interpolated as for the other elements. A 5m waste envelope for both deposits, using inverse-distance-squared grade estimation techniques and 1m composites, was applied to each block model. Grade estimation for Au at Wilga may not be reliable due to a paucity of Au assays in the historic sample data.
Block modelling	Currawong 10mX, 10mY, 10mZ cell size with subcelling to 1.25m in all directions. Wilga 5mX, 5mY, 5mZ cell size with subcelling to 1.25m in all directions. Wilga parent cell size smaller reflecting closer-spaced drilling in the underground region of the deposit
Moisture	Tonnages have been estimated using densities some of which were dry (those analysed at external laboratories) and others that contained natural moisture. The natural moisture of the Stockman massive sulphides is typically low (<0.5%).
Cut-off grades, top-cut grades	No cut-off grades have been applied to the massive sulphide but cut-off grades were applied to help delineate stringer mineralisation. These cut-off grades were 0.5% Cu or 2% Zn. Mild top-cut grades have been used (Currawong massive sulphide 10% Cu, 8% Pb, 240g/t Ag, 10g/t Au, no top-cut for Zn; Currawong stringer sulphide 7% Cu, 3% Pb, 12.5% Zn, 115g/t Ag, 10g/t Au; Wilga massive sulphide 26% Cu, 4% Pb, 31% Zn, 110g/t Ag, 2.6g/t Au; Wilga stringer sulphide 17% Cu, 3.5% Pb, 20% Zn, 120g/t Ag, 1.3g/t Au). A geological constraint (the massive sulphide zone) has been used as it is stable and will not vary over time, unlike cut-off grades. Mineralisation within the massive sulphide and stringer lenses has been reported.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made
Previous mine production	Wilga has been mined previously and the mining volume has been removed from the resource estimate using the available void wireframes plus some wireframes prepared to excise volume considered to have also been mined out
Classification	Classification was based on sample density and confidence in the geometry of the lenses. Most of the massive sulphide in both deposits was classified as Indicated. Stringer sulphide was classified as indicated or inferred. Where the sample density was 50x50m or less the resource was classified as Indicated, where the spacing was greater than 50x50m the resource was classified as Inferred
Tenement and land tenure status	Currawong and Wilga are located within EL5045, a granted tenement held 100% by Jabiru. The exiting tenure was determined to not have triggered Native Title requirements. The existence of Native Title over any future Mining Lease is not yet determined. The tenement is located on crown land administered by the Department of Sustainability & Environment. The area is rugged and heavily forested with no significant heritage sites identified. No significant impediments are believed to exist
Audits or reviews	A mini review was completed on the Wilga block model by McDonald Speijers in 2009, some recommendations were made and no serious flaws detected. This review was initiated because the new block model for Wilga contained a lower Cu grade than previously modelled.
Further work	Further drilling is warranted at Currawong, to confirm the geometry and continuity of some of the smaller lenses, and at Wilga to reduce the sample spacing and confirm continuity up and down-dip.

JAGUAR PROJECT: BENTLEY RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Bentley is a V(H)MS style deposit, occurring as polymetallic (pyrite-sphalerite-chalcopyrite-galena) 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 (Arnage, 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. Errors such as hole location, mismatched from/to depths and so forth were corrected prior to resource estimation.
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. JML is satisfied that Cu, Zn and Pb analyses are suitable for resource estimation and will 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 domained 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	Arnage (Main Lens) is about 300m long, 300m vertical extent, and approximately 8m thick. Mulsanne is about 250m long, 110m vertical extent, and approximately 3m thick. Brooklands is about 100m long, 150m vertical extent, and approximately 5m thick. Mineralisation was modelled from 240m below surface to a depth of approximately 500m 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, 10mZ cell size with sub-cells of 0.625mX, 1.25mY, 1.25mZ. 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 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	No previous mining has taken place on the Bentley deposit.
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	JML is currently drilling further holes into the Bentley deposit to extend the resource down-plunge.

JAGUAR PROJECT: TEUTONIC BORE RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Teutonic Bore is a V(H)MS style deposit, occurring as a polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lens within a volcano-sedimentary succession. An extensive feeder zone below the massive sulphide lens (in the footwall) has produced a large sulphide stringer zone
Drilling techniques	Percussion drilling, diamond drilling - some with percussion pre-collars. The surface diamond holes are HQ and NQ core sizes. The underground holes are BQ core size. Core from Jabiru work was oriented using a Reflex Ace Core Orientation tool.
Drillhole Spacing	Diamond drill coverage at Teutonic Bore is on a nominal 20x20m (massive) to 40x40m (stringer) pattern with stringer mineralisation closer to the massive sulphide having closer spaced drilling. Twin holes have not been drilled.
Drillhole Collar Positions	All recent drillhole collar positions were surveyed by licensed or company surveyors using either GPS or dGPS. Original Australian Selection surface holes were measured by tape from the nearest grid peg and are considered to have +/-3m level of accuracy. Underground holes have been measured from plans and sections and are considered to be to a +/-5m level of accuracy
Drillhole directional control	Dip and Azimuth readings – generally good quality surveys using Eastman down hole camera shots at 40m intervals down the historic surface holes, and gyro surveys for the recent surface holes to 2007. Jabiru holes in 2008 were downhole surveyed at 20m intervals using a Reflex EZ-Trac digital downhole camera. Underground holes have been measured from plans and sections and only have collar azimuth and dip
Geometry of intercepts	Surface drilling intersects the massive sulphide lenses almost perpendicular to the lens orientation. The underground fan drilling mostly intersects the massive sulphide zone at a variety of angles. Two of the underground holes were removed prior to the estimate due to inappropriate dip orientations.
Sampling techniques	Mostly sawn half-core samples of NQ or quarter-core samples of HQ core, varying in length up to 1m and adjusted to geological boundaries, for the Jabiru drilling. Historic surface holes were filleted with about 1/3 core diameter used as the sample, up to 2m sample lengths but usually 1.5m. Poorly mineralised zones were chip sampled at about 15cm intervals bulked over 1.5-3m lengths. Sample quality in the Jabiru holes is considered very good and is considered moderate in the historic holes. Underground holes were sampled as sawn half-core BQ core

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 (Indicated) in the massive sulphide and indicated or inferred classification in the stringer mineralisation
Sample preparation and assaying	All Jabiru samples were crushed and pulverised, then a subsample digested using a four-acid digest (digest A or AX) with an AAS finish, at Genalysis. Detection limits for the A digest were 1ppm for Cu, Zn, Ag, and 5ppm for Pb. Detection limits for the AX digest were 0.01% for Cu, Zn, Pb and 5ppm for Ag. Historic sampling (surface holes) was assayed by Australian Selection in house using a 3 acid digest with AAS finish (Cu, Pb. Zn to 0.01% and Ag to 0.2, 2 or 10ppm.). Underground samples were assayed by Analabs in Kalgoorlie using an aqua regia digest. The assay techniques are for total digestion of the sulphides and are considered appropriate for this type of mineralisation
Audits or reviews	Data validation against paper copies of plans, sections, drill logs and analysis sheets was carried out in 2006.
Sample compositing	Samples were composited to 1m length with an acceptable minimum of 0.6m, using length and density-weighting for Cu, Zn, Pb and length-weighting for Ag and density
Quality Control procedures	Australian Selection assayed 10% of samples in duplicate and if the assays varied by more than 5% the entire batch was re-assayed. Standards and blanks were inserted into the sample sequence in the 2005-2007 campaigns at the rate of about 1 in 40, increasing to 1 in 20 for standards and decreasing to 1 in 50 for blanks in 2008. Check assays on pulps were also carried out, both using the primary lab Genalysis and another lab Ultratrace. Standards and check assays showed reasonable levels of accuracy and precision in the Jabiru samples. Blanks showed some contamination was occurring and procedures were changed to include barren flushes between samples. Duplicate sampling showed large variation of grades between the two quarter-core samples for the same interval, up to 40% relative difference for Cu and Zn. The analytical technique for Ag in 2008 was not appropriate for the stringer mineralisation grade range and samples were re-analysed using a more suitable technique.
Drill sample recovery	Core sample recovery was generally good-excellent except where drillholes intersected old underground workings. Core lengths between blocks were properly recorded and added to the database
Geological logging and photography	Surface holes have been logged and photographed by the various companies completing the exploration and infill drilling programs. Jabiru holes have been logged and photographed (both wet and dry) and geological data has been coded and entered into the database. Underground holes were logged but not photographed by Australian Selection. Geological logging is adequate for resource estimation
Geological interpretation	Confidence is high for the geological interpretation of the massive sulphide and is moderate for the stringer zone. Vein orientation is not well understood in the stringer zone and drilling density sparser, with mineralisation boundaries defined by cut-off grade rather than geologically defined units. As the cut-off grade increases, continuity of mineralised stringer zones reduces
Dimensions	The massive sulphide (pre-mining) is a tabular body about 250m long and 17m thick (true width), extending down dip for about 190m. The remnant mineralisation is located 240m below surface, below the previously stoped mineralisation, as well as in fingers to the south and north ends of the open pit and stoped areas. The stringer mineralisation occurs in the footwall of the massive sulphide zone over a strike length of about 245m. It is up to 50m thick and extends down dip about 200m
Estimation and modelling techniques	GeoAccess software was used for statistical analysis of the composites. Surpac software v6.1 was used for the variography and block modelling. Ordinary kriging (with top-cuts) was used for grade interpolation, based on the variography and validation of the search orientations in Surpac. Block cells had been coded with the wireframe name and only composite samples from that zone were used to interpolate grades into that zone. All grade interpolation was constrained to within the massive and stringer sulphide wireframes. The massive sulphide was domained into a fresh rock and a transitional rock domain for statistics and variography. Both these domains were further subdivided for search ellipse orientation changes due to changes in their geometry in the south end. The largest of the stringer zones was used to establish kriging parameters and these were applied to the other stringer zones with an appropriate search ellipse orientation change. Search distances were generally 150m along the major axis, up to 140m in the semi-major direction and up to 40m in the minor direction (18m in the massive zone). Both the massive and stringer estimates compare well with previous estimates
Block modelling	The block model had extents of 700m in Y, 500m in X and 410m in the Z direction. The parent cell size was 5x5x5m sub-celling to 1.25x1.25x1.25m. The parent cell size was a compromise between close-spaced drilling in the massive sulphide and wider-spaced drilling in the stringer zone. Sub-cell size was determined more for an open-cut mining scenario rather than underground, and could be reduced further for better resolution in an underground mining scenario
Moisture	Tonnages have been estimated using densities that contained natural moisture. The natural moisture of the Teutonic Bore massive sulphides is typically very low (<1%)
Previous mine production	Mined volume at Teutonic Bore has been removed from the resource estimate using void wireframes based on historical plans and sections and the surface topography from photogrammetry. Void wireframes are considered accurate to about +/-3m and have been confirmed by intersections during Jabiru's drilling. Block model cells were coded as mined if within the open pit or void wireframes and were excluded from the estimate. The void wireframes were expanded slightly to remove any skins of mineralisation that might be left behind through the coding of the cells within the wireframes
Cut-off grades, top-cut grades	No cut-off grade was applied to the massive sulphide as the mineralisation was defined geologically. A cut-off grade of 0.5% Cu was applied to the stringer mineralisation. Top-cut grades for massive and stringer mineralisation were defined using log-probability plots and identifying the inflexion point indicating deviation from log-normality. Top-cut grades applied were: Massive sulphide fresh rock 18% Cu, 3.8% Pb, 880ppm for Ag and no top-cut for Zn; massive sulphide transitional rock 17% Cu, 33% Zn, 3.6% Pb and 440ppm Ag; Stringer sulphide 7% Cu, 12% Zn, 2% Pb and 350ppm Ag
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made
Density	Most samples had measured densities determined using the simple water immersion technique. Densities were checked against density vs grade regression curves and outliers were replaced with calculated densities or in the case of the stringer mineralisation, a nominal density of 2.95g/cc. The density dataset is quite large and in good condition. Densities were used for compositing Cu, Zn and Pb grades and were interpolated into the block model in the same way as a grade
Classification	The massive sulphide mineralisation was classified as Indicated because it has closely spaced drilling and a production history, as well as good confidence in the geological model. The stringer mineralisation was classified as Indicated where drill spacing was about 20x20m and Inferred where drill spacing was about 40x40m. Stringer mineralisation also had some historic holes drilled through it that were not sampled and these areas, if not sampled with Jabiru drilling, were classified as Inferred. Mineralisation modelled but with drilling density sparser than 40x40m was not classified as resource.
Tenement and land tenure status	Teutonic Bore is located within mining lease M37/44. There are no Native Title Claims registered over the lease and no other known impediments
Audits or reviews	A review of the resource estimate was conducted by Runge Limited in 2009 which identified no significant issues other than some aspects of the variography, derivation of kriging parameters and search neighbourhoods. Subsequent review (by Wildfire and JML staff) of these aspects concluded that there was no material issue that required action.
Further work	Historic core that has not been sampled and is in suitable condition may be sampled to improve the detail of the resource estimate prior to mining, similarly Jabiru core that was not sampled but lies within the mineralised envelope may be sent for assaying.

JAGUAR PROJECT: JAGUAR RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Jaguar is a V(H)MS style deposit, occurring as a polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lens within a volcano-sedimentary succession.
Drilling techniques	Diamond drilling. The surface diamond drilling is a mixture of HQ and NQ core sizes. The underground holes at Jaguar are NQ2 core size. Underground face sampling used to define resource boundaries where appropriate.
Drillhole Spacing	Diamond drill coverage at Jaguar is on a nominal 50x50m pattern from the surface and at a nominal 20mx20m infill pattern from underground.
Drillhole Collar Positions	All drillhole collar positions were surveyed by licensed or company surveyors. All resource work has been conducted on local grids
Drillhole directional control	Dip and Azimuth readings using reflex downhole camera shots at either 6m or 30m intervals for underground drilling and gyro surveys for most of the surface holes.
Geometry of intercepts	Drilling location in the footwall enables generally good orientation of massive sulphide intercepts from the underground drilling. Surface holes provide a good intercept angle for the shallow holes however for the deeper holes the angle is closer to the mineralisation dip.
Sampling techniques	Sawn half-core samples of HQ and NQ varying in length between 0.3m up to 1m in the massive sulphide adjusted to geological boundaries. All massive sulphide intercepts have been sampled.
Data spacing and distribution	The data spacing and distribution is more than sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied. Stope definition drilling completed on a 20x20m pattern.
Sample preparation and assaying	All samples were crushed and a sub-sample pulverised. Surface drill samples were analysed by UltraTrace Pty Ltd for copper, lead, zinc and silver was performed by ICP OES /MS techniques with detection limits of 5ppm for copper, lead and zinc, and 1ppm for silver. Underground drill holes have been assayed by SGS Laboratory Services and Genalysis using a four acid HF ore grade digest with AAS analysis for Cu (10-50k ppm), Zn (10-50k ppm), Pb (20-25k ppm), Ag (5-500 ppm) and Fe (0.01-40%). The assay techniques are for total digestion of the sulphides and are considered appropriate for this type of mineralisation.
Audits or reviews	Routine validity checks were run on the assays and corrections were made where needed for those holes intersecting the massive sulphide, prior to resource estimation. All holes have a summary plotted for review in hard copy with geological and assay information.
Sample compositing	1m downhole composites for drillhole samples with length and density weighting
Density	All underground samples have measured densities using the water immersion technique. Some of the older surface holes have no density measurement, in these cases, the average density of all massive sulphide intervals was determined and applied (3.81t/m3). Densities were used in the sample compositing.
Quality Control procedures	In comparison with modern requirements, minimal quality control procedures were adopted by companies completing the drilling programs in the past. Current practice is to include one known standard or blank in every twenty samples. Standards have returned values within acceptable limits
Drill sample recovery	Core sample recovery is excellent.
Geological logging and photography	Surface holes have been logged and photographed by the various companies completing the exploration and infill drilling programs. Underground core is logged but not photographed (half core retained). Geological logging is adequate for resource estimation. Logging of underground core occurs digitally straight into the AcQuire database. Surface holes logged on paper and subsequently loaded into AcQuire database.
Geological interpretation	Confidence in the geological interpretation for the Jaguar deposit is high, with the mineralisation and geological setting confirmed by underground development, drilling and mapping.
Dimensions	Jaguar (Main Lens) is 400m long, 420m wide (down-dip), up to 16m thick and located 320m below surface.
Estimation and modelling techniques	Ordinary kriging was used for grade estimation in the main lode utilising Surpac software. Inverse distance squared interpolation techniques were used in the footwall lodes. GeoAccess software was used for statistical and geostatistical analysis. Grade estimation was constrained to the massive sulphide lens wireframes for the main lode. For stringer zones, a 0.5%Cu cutoff was utilised.
Block modelling	Jaguar 10m Northing, 5m Easting, 10m RL block size. Minimum subcell 0.625mY, 0.3125mX, 0.625mZ. Two domains applied to reflect differing main lode geometry along strike. Five separate footwall lodes also defined and treated as separate domains.
Moisture	Tonnages have been estimated using densities that contained natural moisture. The natural moisture of the Jaguar massive sulphides and volcanic rocks is assumed to be very low (<1%) but has not been measured.
Cut-off grades, top-cut grades	No cut-off grades have been applied and no top-cut grades have been used for the massive sulphide. The use of top-cuts was investigated but they were not required. Footwall stringer mineralisation has been defined by a 0.5% copper lower cut-off grade but no top-cut grade was applied.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made.
Previous mine production	Mined volume at Jaguar has been removed from the resource estimate using the available development wireframes and existing Cavity Monitoring System (CMS) surveys.
Classification	Classification was based on density of drill spacing and underground development in conjunction with the interpreted geological model. Above 3880mRL the drilling density is at 20 x 20m spacing and extensive development means this portion can be classified as measured. Below this level, drill spacing is generally 50 x 50m with little underground development which means this portion has been classified as indicated. The footwall lodes which have underground development intersecting them on several levels have been classified as Measured. Other footwall lodes with no development and less drilling have been classed as Indicated. A small portion of main lode Indicated by only one drill hole at depth has been classified as Inferred.
Tenement and land tenure status	Jaguar is located within M37/1153, a granted mining lease held 100% by Jabiru Metals Limited. There are no Native Title Claims registered over the lease.
Audits or reviews	The resource estimate for 2010 was completed by independent consultants Runge Limited.
Further work	Infill diamond drilling and underground development / stoping continues at Jaguar. Work is continuing to tighten QAQC on laboratory assay returns and the use of different downhole surveying equipment is being trialled.

JAGUAR PROJECT: TEUTONIC BORE DUMPS RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Teutonic Bore is a V(H)MS style deposit, occurring as a polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lens within a volcano-sedimentary succession. During open pit and underground mining, stockpiles of oxidised, semi-oxidised and sub-grade sulphide ores were produced.
Drilling techniques	Aircore blade and percussion drilling on the larger dumps. Dozer rip lines on truck dumped material.
Drillhole Spacing	Variable depending on dump dimensions but approximating 20x20m
Drillhole Collar Positions	Holes and rip lines were picked up by qualified surveyors.
Drillhole directional control	Maximum hole depth was 8 metres, so no down hole surveys conducted.
Geometry of intercepts	Not applicable
Sampling techniques	Rip lines were sampled every 5 metres (2-3kg sample). Aircore holes were sampled at 1 metre intervals.
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 (Indicated)
Sample preparation and assaying	All samples dried, crushed and pulverised to 90% passing -100 mesh. All samples were analysed by Genalysis. Ag, Fe, Au, As, Bi, Cd, Mn, Sb, Sn (A/OES 1-5ppm). Pb AX/AAS (0.01%) Cu, Pb and Zn AX/AAS (0.01%) and Q2AAS (1ppm to determine sulphide and oxide content).
Audits or reviews	Internal lab check only
Sample compositing	Sample grades were weighted by length.
Density	Twenty-two bulk samples using a measured volume and 'load-rite' tonnage measurements using a Toro 1400 loader.
Quality Control procedures	Internal lab checks and JML standards. Standards have returned values within acceptable limits.
Drill sample recovery	Recovery from rip lines excellent. Recovery from aircore holes varied from very poor to good.
Geological logging and photography	All samples were geologically identified or logged.
Geological interpretation	Based on visual inspection of sampled dump materials. Original ore body locations not well known.
Dimensions	All dumps surveyed by licensed surveyors.
Estimation and modelling techniques	Grades generated by averaging within a dump. Tonnage estimated by survey volumes and average density measurements.
Block modelling	Not applicable.
Moisture	Physical measurements of moisture values were not undertaken but estimates of 1-8% applied by visual estimation.
Cut-off grades, top-cut grades	No grade cuts were applied.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made.
Previous mine production	Not applicable
Classification	Classification (Indicated) was based on good survey tonnage estimate but less confident grade estimate.
Tenement and land tenure status	Teutonic Bore is located within M37/44. There are no native title claims registered over the lease.
Audits or reviews	A review of the resultant resource against estimates documented by Seltrust was carried out by JML staff.
Further work	Investigations into bacterial leaching and HMS treatment will require further sampling of the stockpiles.

LENNON'S FIND PROJECT: HAMMERHEAD RESOURCE

Mineral Resource Estimate Parameters

Geological setting	The VMS style mineralisation occurs within quartz-muscovite schists (metamorphosed and hydrothermally altered felsic volcanics) and is strongly strata-bound, occurring as thin (<2m thick) planar lodes dipping 45° to the south. North-northeast trending faults offset the mineralisation locally and small scale folding of the mineralisation has been noted near the faults
Drilling techniques	Diamond drilling with NQ, BY and BQ core diameters along with shallow open hole percussion holes (<30m depth)
Drillhole Spacing	150x100m drillhole spacing
Drillhole Collar Positions	Local grid co-ordinates converted to WGS using GPS pickup of several drillholes for the transformation. Accuracy of 5-10m
Drillhole directional control	Acid etch dip readings for some of the holes (LF series) at about 30m spacings downhole, other holes unsurveyed. Percussion holes vertical
Geometry of intercepts	Drilling generally at or near perpendicular to the mineralisation, except for the shallow, vertical percussion holes which are slightly oblique to the mineralisation. No significant sampling bias
Sampling techniques	Half-core samples and percussion samples at 1m intervals. Core sampling adjusted to lithological boundaries. Quality of percussion samples is unknown
Data spacing and distribution	Data spacing and distribution is sufficient for the style of mineralisation and inferred classification
Sample preparation and assaying	Cu, Pb, Zn and Ag analysed in all samples. Generally an aqua regia digest with ammonium acetate leach at independent laboratories. Where possible original assay data were used but in some cases only composite (summary) data were available
Audits or reviews	Data compiled from historical reports and validated after data entry by checking against hard copy logs, sections and plans. Historical data confirmed to some degree by 2007 RC drilling results
Sample compositing	Samples length-weighted only for intercept grades
Quality Control procedures	16 cross-lab checks, good agreement with the results from the primary lab. No other field checks made
Drill sample recovery	Assumed good for core, not known for percussion samples
Geological logging and photography	Geological logging of diamond core was to an acceptable level of detail. Logging of shallow percussion holes summarised on sections. No core photographs remain
Geological interpretation	Cross-sections of the mineralisation were constructed using the drillhole data and surface expression of the mineralisation. Confidence in the mineralisation interpretation is good
Dimensions	The resource dimensions are 600m long, 0.5-2m thick and up to 300m deep
Estimation and modelling techniques	Lode pierce points for each drillhole (both mineralised and unmineralised) were projected onto a long section and mineralisation polygons were interpreted. Polygons were projected halfway to adjacent drillholes. Intercepts near surface were limited to the base of oxidation to restrict the supergene effects of some elements. Polygon areas were calculated and multiplied by true thickness for volume. A factor of 1.43 was applied to allow for projection of a shallow-dipping mineralisation model onto a vertical long section. An excel spreadsheet was used to tabulate and calculate the tonnes for each polygon. A tonnage-weighted average of the polygons was used to estimate grades
Previous mine production	No previous mining
Cut-off grades, top-cut grades	Cut-off grades of 2% wt Cu or Zn, no top-cut grades applied. Cut-off grade based on similar mineralisation at Jaguar and appeared to reflect natural mineralisation cut-off grade
Mining and metallurgical assumptions	No mining and metallurgical assumptions made
Density	Nominal bulk density of 3.5g/cm3 applied
Classification	Inferred due to historic nature of the data and drillhole spacing
Tenement and land tenure status	Granted tenure (M45/368) owned 95% by Jabiru & 5% by Fletcher & Marshall as free-carried parties. The tenure pre-dates requirement for native title agreement. The tenement is wholly within but not a part of a conservation park administered by DEC
Audits or reviews	The Mineral Resource estimate has not been reviewed
Further work	Two reverse circulation drillholes completed in 2007 confirmed the nature and tenor of the mineralisation at Hammerhead. Further drilling may be undertaken to confirm and expand the resource but will be dependent on prevailing commodity prices and other commitments

Competent Persons Statement

The information in this report that relates to the Bentley, Teutonic Bore, Stockman and Lennon's Find Resource Estimates & 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 if the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Jaguar Resource Estimate is based on information compiled by Graham Sweetman who is a member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the Company. Mr Sweetman 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 Sweetman consents to the inclusion in the report if the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Scott Donaldson who is a member of the Australian Institute of Mining & Metallurgy and is a full-time employee of the Company. Mr Donaldson 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 Donaldson consents to the inclusion in the report if the matters based on his information in the form and context in which it appears.

Bentley Ore Reserve - April 2010

Ore Reserve Estimation Parameters	
Net Smelter Return	The Ore Reserve was estimated using a nett smelter return (NSR) cut off of A$ 143/tonne estimated on a 'free of bills' (FOB) basis at the 'mine gate' and has taken into account commercial factors relating to: › Metal price; › Foreign exchange; › Treatment and refining charges; › Transport costs; › Royalties, and › Process recoveries
NSR Metal Values	The metal prices used in estimating the NSR value were US$ 6,310 per tonne of copper metal, US$ 2,094 per tonne of zinc metal, US$ 1,043 per ounce of gold and US$17.24 per ounce of silver.
Minimum Mining Widths	2m
Stope Dilution	0.5m in both hanging wall and foot wall
Site Costs	Based upon current Jaguar Mine operating costs
Metallurgical Performance	As per table 4 in main document, based upon full testing regime assuming the use of the Jaguar concentrator
Further Work	JML is currently drilling further holes into the Bentley deposit to extend the resource down-dip and along strike. Further metallurgical test work is scheduled to be carried out on the samples gained.

Jaguar Ore Reserve - July 2010

Ore Reserve Estimation Parameters	
Net Smelter Return	The Ore Reserve was estimated using a nett smelter return (NSR) cut off of A$ 64/tonne estimated on a 'free of bills' (FOB) basis at the 'mine gate' and has taken into account commercial factors relating to: › Metal price; › Foreign exchange; › Treatment and refining charges; › Transport costs; › Royalties, and › Process recoveries › The fact that a large portion of the reserve is already fully developed
NSR Metal Values	The metal prices used in estimating the NSR value were US$ 7,500 per tonne of copper metal, US$ 2,200 per tonne of zinc metal, and US$17.10 per ounce of silver. Gold credits were not considered for Jaguar copper concentrates.
Minimum Mining Widths	Ore drives reduced to 3m where ore body < 2m width
Stope Dilution	0.5m in both hanging wall and foot wall except for specific areas where a graphitic shear causes dilution to be increased to 1m in the hanging wall of the hanging wall stopes
Site Costs	Based upon current Jaguar Mine operating costs
Metallurgical Performance	As per table 4 in main document, based upon performance of project to date.
Further Work	Variable but based upon modified up-hole benching retreat
Pillars & ground support	Rib pillars assumed to be 1:1 profile, full height, ground support based upon current practise. Footwall stope sizes do not allow for pillars due to the relatively short strike extent. Regional crown/sill pillars have been allowed at 40m vertical intervals.

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