Jabiru Metals Limited

APPENDIX 4D
HALF-YEAR REPORT
31 DECEMBER 2010

Lodged with the Australian Securities Exchange under listing rule 4.2A

Table 1: Summary Results for the Half-Year - based on unaudited results contained in accompanying Half-Year Financial Report for period ended 31 December 2010

	2010 Half-Year $ millions	2009 Half-Year $ millions	% change
Sales Revenue	57.3	55.3	4%
Profit before interest, derivatives, tax, depreciation and impairment	**23.0**	**23.0**	**0%**
Depreciation expense	(4.4)	(4.0)	(10%)
Net losses on derivative financial instruments	(11.5)	(22.8)	50%
Net losses on silver hedge financing	(5.4)	-	-
Profit (loss) before interest and tax	**1.7**	**(3.8)**	**145%**
Net interest expense	(1.0)	(0.2)	(400%)
Income tax expense	-	-	-
Net profit (loss)	**0.7**	**(4.0)**	118%

HALF YEAR FINANCIAL HIGHLIGHTS:

- 4% higher sales revenue;
- $25.1 million gross profit;
- $13.1 million cash flow from operating activities;
- Cash balance of $26.9 million with no debt; and
- Zinc C1 cash cost (after credits) negative US$0.56/lb

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Table 2: Dividends/distributions in the Year

	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

There were no dividends paid or declared in the year.

Table 3: Per-share ratios

	31 December 2010	31 December 2009
Basic earnings per share	0.1 cents	(0.7) cents
Diluted earnings per share	0.1 cents	(0.7) cents
Net tangible assets per share	$0.28	$0.22
No. of shares on issue at half-year end	552,619,180 shares	552,619,180 shares

Half-year 31 December 2010 earnings per share of 0.1 cents reflects the improved profit result for the period.

Other Information

In addition to the information provided above, information required pursuant to ASX Listing Rule 4.2A is contained in Jabiru Metals Limited's Half-Year Financial Report 31 December 2010 which accompanies this Appendix 4D Half-Year Report.

Jabiru Metals Ltd
Contact details
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ABN 51 060 620 751

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2010

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Corporate Directory

Australian Company Number
ACN 060 620 751
ABN 51 060 620 751

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

Company Secretary
Ross Kestel

Registered Office and Administration
Ground Floor, 1205 Hay Street, West Perth WA 6005

Contact Details – Perth Office

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Contact Details – Jaguar Project

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Stock Exchange Listing
Jabiru Metals Limited shares are quoted under code “JML” on the Australian Stock Exchange.

Auditors
Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road, Perth WA 6000

Bankers
Australia and New Zealand Banking Group Limited
77 St Georges Terrace, Perth WA 6000

BNP Paribas
Level 1, The Park Business Centre
45 Ventnor Avenue, West Perth WA 6005

Corporate Adviser
Hartleys Limited
141 St Georges Terrace, Perth WA 6000

Solicitors
Wright & Cooney
1/103 Colin Street, West Perth WA 6005

Blake Dawson
Level 32, 2 The Esplanade, Perth WA 6000

Your Directors submit their report for the half-year ended 31 December 2010.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names	Period of directorship
Barry Bolitho Non-Executive Chairman	Director since November 2005
Gary Comb Managing Director	Director since November 1999
Ross Kestel Non-Executive Director	Director since August 2003

Review of Operations

Jabiru Metals Limited ("**Jabiru**" or "**the Company**") is an Australian base metals company which owns 100 per cent of the Jaguar copper-zinc-silver project located 60 kilometres north of Leonora in Western Australia and the Stockman copper-zinc-silver-gold project in north eastern Victoria, Australia.

Relative to the half-year ended 31 December 2009 ("**the Comparative Period**") production of copper metal in concentrate in the half-year ended 31 December 2010 ("**the Half-Year**") increased by 14.6 per cent and production of zinc metal decreased by 41.8 per cent.

Higher copper metal production in the Half-Year resulted from a higher copper head grade (3.35 per cent versus 2.90 per cent in the Comparative Period) and higher concentrate recovery (82 per cent recovery versus 79 per cent in the Comparative Period) offset by 4.3 per cent lower tonnes treated. Lower zinc metal in concentrate production was attributable to 4.3 per cent lower tonnes treated, lower zinc head grade (7.01 per cent versus 10.77 per cent in the Comparative Period) and lower recovery (72 per cent versus 78 per cent in the Comparative Period). Key production statistics are provided in Table 1.

Production costs for the Half-Year were $17,390,000, 14.3 per cent below the Comparative Period. The C1 cash cost of zinc for the Half-Year was negative US$0.56 per pound after credits versus positive US$0.16 per pound in the Comparative Period. This excellent zinc C1 result reflects the lower production costs and the higher copper credits received due to improved copper production and a higher average copper price on the London Metals Exchange.

Pre-production development at Bentley, including the decline and mine infrastructure, has progressed as planned during the Half-Year. At the end of the period the Bentley decline extended 870 metres from the portal and first ore production from Bentley is targeted for the September 2011 quarter.

Design and construction of the heavy media separation (HMS) plant for Jaguar is also progressing on target. The HMS plant is scheduled to come on line in September 2011. It will be used to pre-treat lower grade stringer and development ore in order to improve mill feed grades and lower treatment costs.

Construction of the new concentrate storage and handling facility at the Port of Geraldton was completed in December 2010. The Company will commence the use of this facility in the March 2011 quarter.

Review of Operations (continued)

Table 1: Jaguar Operation Production

	Unit	H1 2010/11	H1 2009/10	% change
Underground Development				
Jaguar Underground	Metres	1,388	965	43.8
Bentley Underground	Metres	1,502	-	-
Mine Ore Production	tonnes	**200,520**	173,520	15.6
Mine Ore Grade				
Zinc	%	**6.84**	11.01	(37.9)
Copper	%	**3.24**	2.97	9.1
Ore Treated	tonnes	**180,432**	188,456	(4.3)
Concentrator Head Grade				
Zinc	%	**7.01**	10.77	(34.9)
Copper	%	**3.35**	2.90	15.5
Zinc Concentrate Produced				
Zn concentrate	tonnes	**19,719**	32,454	(39.2)
Zn grade	Zn%	**46.3**	48.4	(4.3)
Zn metal in concentrate	tonnes	**9,138**	15,699	(41.8)
Copper Concentrate Produced				
Cu concentrate	tonnes	**21,185**	19,140	10.7
Cu grade	Cu%	**23.4**	22.6	3.5
Cu metal in concentrate	tonnes	**4,962**	4,331	14.6
Metal Recoveries in Concentrate				
Zn in Zn concentrate	%	**72**	78	(7.7)
Cu in Cu concentrate	%	**82**	79	3.8
Zn C1 Cash Cost (after credits)	US$/lb	**-0.56**	0.16	450

Financial Review

Table 2: Sales Quantity and Prices

	Unit	H1 2010/11	H1 2009/10	% change
Payable Metal Sales*				
Zinc	tonnes	**7,632**	14,225	(46.35)
Copper	tonnes	**4,639**	4,342	6.84
Silver	ounces	**269,261**	330,148	(18.44)
Average Price Realised				
Zinc	A$/tonne	**2,442**	2,275	7.34
Copper	A$/tonne	**8,771**	7,419	18.22
Silver	A$/oz	**22.81**	18.76	21.59

* payable metal represents contained metal in sold concentrate less refinery deductions.

** average price realised includes invoice adjustments in the current period relating to previous period sales

Financial Review (continued)

Sales revenue for the Half-Year of $57,312,000 was 3.7 per cent above the Comparative Period. On an individual metal basis, copper payable metal sales were 26.3 per cent above the Comparative Period, zinc payable metal sales were 42.4 per cent below, and silver payable metal sales were approximately in-line. A breakdown of payable metal sales in terms of price and volume is provided in Table 2. Combined treatment, refining, shipment and wharfage costs of 47.3 per cent below the Comparative Period contributed to the higher sales revenue in the Half-Year.

Gross profit for the Half-Year of $25,066,000 is 9.4 per cent higher than the Comparative Period. This results from the higher sales revenue, together with the lower cost of sales for the Half-Year which were 3.8 per cent below the Comparative Period.

For the Half-Year the Company reported a profit after tax of $674,000. This compares favourably to a $4,036,000 loss in the Comparative Period.

The profit result in the Half-Year includes derivative losses of $11,508,000. The Company does not attempt to qualify for hedge accounting and accordingly the fair value (also referred to as mark-to-market) movements of all derivative instruments are recognised as gains or losses through profit or loss. The Half-Year profit result also includes a $5,441,000 loss on silver hedge financing reflecting the fair value movement of this liability.

The Company held cash at 31 December 2010 of $26,867,000 and interest-bearing liabilities of $6,664,000. The interest-bearing liabilities are comprised of equipment lease finance contracts.

The net mark-to-market value of the derivative instruments at 31 December 2010 represents a $5,735,000 liability.

For the Half-Year the Company reported net cash flows from operating activities of $13,083,000 which was 35.5 per cent below the Comparative Period.

Net cash flow used in investing activities for the Half-Year was $33,864,000 compared to $13,223,000 for the Comparative Period. This increased cash outflow reflects the investment in underground development of the Bentley mine, construction of the concentrate storage and handling facility at the Port of Geraldton, and purchases of replacement mining fleet for the Jaguar mine. Exploration costs were approximately in-line with the Comparative Period.

Net cash flow from financing activities for the Half-Year was $15,561,000. During the Half-Year, the Company generated cash of $19,200,000 from prepaid silver hedge financing (net of transaction costs). The structure of the financing provided the Company with an up-front cash payment in return for forward sales of 861,403 ounces of silver over the period to June 2013. A total of 716,368 ounces of silver was outstanding at 31 December 2010.

Exploration & Feasibility Review

Jaguar Project

During the Half-Year the Company acquired additional tenure contiguous with the existing Jaguar Project. The tenement package at Jaguar Project now covers approximately 50 kilometres along the prospective strike.

On 23 November 2010, a resource upgrade of the Bentley mine was announced after mineralised material below the previous resource boundary was modelled and classified under the JORC code. The announcement supports Jabiru's view of a long life for the Jaguar Project.

In addition, the Company has undertaken a diamond drilling programme at the historic Teutonic Bore mine. Results from this programme are pending.

Stockman

In December 2010, Jabiru announced that it had commenced the Stockman Definitive Feasibility Study after positive economic results from the recently completed Scoping Study. This follows the negotiation of a Native Title Agreement and subsequent granting of a mining lease over the Stockman Project area. The Company has also embarked upon the formal Environmental Effects Statement permitting process for the project with the Victorian Government. The Company considers it is well advanced along the approvals path for Stockman.

Events after the Balance Sheet Date

On 9 February 2011, Jabiru and Independence Group NL (Independence) announced that they have signed a Bid Implementation Agreement for an off-market takeover offer by Independence for all of the issued and outstanding shares in Jabiru (Offer).

The Offer is unanimously recommended by the Jabiru Board in the absence of a Superior Proposal that is not matched by Independence. Further, Jabiru Directors have agreed to accept the Offer with respect to all shares owned or controlled by them in the absence of a Superior Proposal that is not matched by Independence.

On the same date, Independence acquired a 10.48% interest in Jabiru for $0.829 cash per share from Jabiru's major shareholder, Metals X Limited (Metals X), who has also agreed to support the transaction and has entered into a pre-bid acceptance agreement in relation to the remainder of its holding in Jabiru (an additional 9.48%). As a consequence of these transactions, Independence has a relevant interest in Jabiru of 19.97%.

Other than the above, 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 periods.

Rounding of Amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which this Class Order applies.

Auditor's Independence Declaration

The Directors have received confirmation from our Auditors, Ernst and Young, that they are independent of the Company, as detailed on page 8. This declaration forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Gary Comb
Managing Director
Perth, Western Australia

21 February 2011

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

In relation to our review of the financial report of Jabiru Metals Limited for the half-year ended 31 December 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.

Ernst & Young

Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
21 February 2011

PM:MB:JABIRU:046

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated 31 December 2010 $000	31 December 2009 $000
Continuing operations			
Sales revenue	3	57,312	55,291
Other revenue	3	316	1,469
Revenue		57,628	56,760
Cost of sales	5(a)	(32,562)	(33,839)
Gross profit		25,066	22,921
Net losses on derivative financial instruments	5(d)	(11,508)	(22,844)
Net losses on silver hedge financing	5(d)	(5,441)	-
Other income	4	-	369
Finance costs	5(b)	(1,314)	(463)
Administration expenses	5(c)	(3,335)	(2,955)
Net foreign exchange losses	5(d)	(2,256)	(446)
Other expenses	5(d)	(538)	(618)
Profit (loss) before income tax		674	(4,036)
Income tax benefit		-	-
Profit (loss) for the period		674	(4,036)
Other comprehensive income			
Net gains (losses) on available-for-sale financial assets		488	(60)
Other comprehensive income for the period, net of tax		488	(60)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		1,162	(4,096)

Earnings (loss) per share attributable to the ordinary equity holders of the Company	**Cents per share**	**Cents per share**
Basic earnings (loss) per share	0.1	(0.7)
Diluted earnings (loss) per share	0.1	(0.7)

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

	Notes	Consolidated 31 December 2010 $000	Consolidated 30 June 2010 $000
ASSETS			
Current assets			
Cash and cash equivalents	6	26,867	34,343
Trade and other receivables		4,322	1,672
Inventories		16,367	10,740
Derivative financial instruments	7	6,197	3,862
Total current assets		53,753	50,617
Non-current assets			
Receivables		471	471
Property, plant and equipment		38,477	25,991
Exploration and evaluation		34,082	25,808
Mine properties in development		25,864	15,717
Available-for-sale financial assets		2,354	1,850
Derivative financial instruments	7	2,014	848
Total non-current assets		103,262	70,685
TOTAL ASSETS		157,015	121,302
LIABILITIES			
Current liabilities			
Trade and other payables		16,468	18,589
Interest-bearing liabilities		4,183	4,087
Provisions		1,458	1,359
Derivative financial instruments	7	12,739	1,770
Liabilities at fair value through profit and loss	7	11,669	-
Total current liabilities		46,517	25,805
Non-current liabilities			
Interest-bearing liabilities		2,481	-
Provisions		8,809	8,581
Derivative financial instruments	7	1,207	382
Liabilities at fair value through profit and loss	7	10,131	-
Total non-current liabilities		22,628	8,963
TOTAL LIABILITIES		69,145	34,768
NET ASSETS		87,870	86,534
EQUITY			
Contributed equity	8	218,073	218,073
Reserves		5,024	4,362
Accumulated losses		(135,227)	(135,901)
TOTAL EQUITY		87,870	86,534

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

	Notes	Consolidated 31 December 2010 $000	Consolidated 31 December 2009 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		60,296	57,948
Payments to suppliers and employees (inclusive of GST)		(41,961)	(35,159)
Interest received		386	269
Interest and other costs of finance paid		(1,099)	(307)
Net payments on derivative financial instruments		(4,542)	(3,605)
Receipts from other operating activities		3	1,138
Net cash flows from operating activities		13,083	20,284
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investments		14	285
Payments for exploration and evaluation of mining tenements		(9,069)	(8,893)
Payments for development expenditure		(12,022)	(1,337)
Payments for property, plant and equipment		(12,772)	(3,281)
Refund of security deposits		(15)	3
Net cash flow used in investing activities		(33,864)	(13,223)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,425
Proceeds from borrowings		20,105	-
Repayment of borrowings		(3,247)	-
Repayment of finance lease liabilities		(1,297)	(1,710)
Net cash flows used in financing activities		15,561	(285)
Net increase (decrease) in cash and cash equivalents		(5,220)	6,776
Cash and cash equivalents at beginning of period		34,343	28,510
Effects of exchange rates on cash and cash equivalents		(2,256)	(446)
Cash and cash equivalents at end of period	6	26,867	34,840

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital $000	Retained Earnings $000	Shares Available-for-Sale Reserve $000	Employee Equity Benefits Reserve $000	Total Equity $000
At 1 July 2009	216,457	(153,490)	1,440	3,237	67,644
Loss for the period	-	(4,036)	-	-	(4,036)
Other comprehensive income	-	-	(60)	-	(60)
Total comprehensive income for the half-year	-	(4,036)	(60)	-	(4,096)
Transactions with owners in their capacity as owners					
Shares issued	1,761	-	-	-	1,761
Transaction costs on shares issued	(145)	-	-	-	(145)
Share-based payments	-	-	-	(241)	(241)
At 31 December 2009	218,073	(157,526)	1,380	2,996	64,923
At 1 July 2010	218,073	(135,901)	1,050	3,312	86,534
Profit for the period	-	674	-	-	674
Other comprehensive income	-	-	488	-	488
Total comprehensive income for the half-year	-	674	488	-	1,162
Transactions with owners in their capacity as owners					
Shares issued	-	-	-	-	-
Transaction costs on shares issued	-	-	-	-	-
Share-based payments	-	-	-	174	174
At 31 December 2010	218,073	(135,227)	1,538	3,486	87,870

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Jabiru Metals Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policies

The following amending Standards have been adopted from 1 July 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Group.

- AASB 101 *Presentation of Financial Statements*
  The revised standard amends that the terms a liability that could at any time result in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification as current or non-current. The amendment has no impact.

- AASB 107 Statement of Cash Flows
  The revised standard amends that only expenditures that result in a recognised asset can be classified as a cash flow from investing activities. The amendment has no impact.

- AASB 117 *Leases*
  The revised standard removes specific guidance on classifying land as a lease so that only the general guidance remains. The amendment has no impact.

- AASB 132 *Financial Instruments: Presentation*
  The revised standard amends the definition of a financial liability to classify certain rights (and certain options or warrants) as equity instruments if they satisfy certain conditions. The amendment has no impact.

- AASB 136 *Impairment*
  The revised standard amends that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact.

- Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
  The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid". As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that liability. The amendment has no impact.

- AASB 2010-3 *Amendments to Australian Accounting Standards Arising from the Annual Improvements Project*
  This amendment affected the following standards:
  AASB 3 *Business Combinations*;
  AASB 7 *Financial Instruments: Disclosures*;
  AASB 121 *The Effects of Changes in Foreign Exchange Rates*;
  AASB 128 *Investments in Associates*;
  AASB 131 *Investments in Joint Ventures*;
  AASB 132 *Financial Instruments: Presentation*; and
  AASB 139 *Financial Instruments: Recognition and Measurement*.
  The amendments had no impact.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

2. 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.

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.

2. OPERATING SEGMENTS (continued)

The following table presents revenue, profit, asset and liability information for reportable segments for the half-years ended 31 December 2010 and 31 December 2009.

	Continuing operations			
	Production and mining $000	Exploration and evaluation $000	Unallocated items $000	Total $000
Half-year ended 31 December 2010				
Revenue				
Sales to external customers	57,312	-	-	57,312
Total segment revenue	57,312	-	-	57,312
Other revenue				316
Total revenue per the statement of comprehensive income				57,628
Result				
Segment net profit (loss) after tax	24,750	(529)	-	24,221
Reconciliation of segment net profit after tax to net profit before tax				
Corporate expenses				(3,319)
Net losses on disposal of property, plant and equipment				(25)
Finance costs – including adjustments on provisions due to discounting				(1,314)
Net losses on derivative financial instruments				(11,508)
Net losses on silver hedge financing				(5,441)
Net foreign exchange losses				(2,256)
Other				316
Net profit before tax per the statement of comprehensive income				674
Segment assets				
Segment operating assets	81,702	36,146	47,144	164,992
Reconciliation of segment operating assets to total assets				
Intersegment eliminations				(18,542)
Available-for-sale financial assets				2,354
Derivative financial instruments				8,211
Total assets per the statement of financial position				157,015
Segment liabilities				
Segment operating liabilities	13,809	18,174	3,027	35,010
Reconciliation of segment operating liabilities to total liabilities				
Intersegment eliminations				(18,542)
Derivative financial instruments				13,946
Provisions				10,267
Interest-bearing liabilities				6,664
Liabilities at fair value through profit and loss				21,800
Total liabilities per the statement of financial position				69,145

2. OPERATING SEGMENTS (continued)

	Continuing operations Production and mining $000	Exploration and evaluation $000	Unallocated items $000	Total $000
Half-year ended 31 December 2009				
Revenue				
Sales to external customers	55,291	-	-	55,291
Total segment revenue	55,291	-	-	55,291
Other revenue				1,469
Total revenue per the statement of comprehensive income				56,760
Result				
Segment net profit (loss) after tax	21,452	(623)	-	20,829
Reconciliation of segment net profit after tax to net loss before tax				
Corporate expenses				(2,950)
Net gains on disposal of property, plant and equipment and investments				369
Finance costs – including adjustments on provisions due to discounting				(463)
Net losses on derivative financial instruments				(22,844)
Net foreign exchange losses				(446)
Other				1,469
Net loss before tax per the statement of comprehensive income				(4,036)
Segment assets				
Segment operating assets	40,807	33,932	49,770	124,509
Reconciliation of segment operating assets to total assets				
Intersegment eliminations				(11,782)
Available-for-sale financial assets				2,265
Derivative financial instruments				7,582
Total assets per the statement of financial position				122,574
Segment liabilities				
Segment operating liabilities	9,341	11,274	6,546	27,161
Reconciliation of segment operating liabilities to total liabilities				
Intersegment eliminations				(11,782)
Derivative financial instruments				26,976
Provisions				9,626
Interest-bearing liabilities				5,670
Total liabilities per the statement of financial position				57,651

3. REVENUE

	Consolidated 31 December 2010 $000	31 December 2009 $000
(a) Sales revenue		
Value of payable metal	65,467	70,767
Treatment and refining charges	(5,821)	(11,246)
Shipment and wharfage costs	(2,334)	(4,230)
Sales revenue	57,312	55,291
(b) Other revenue		
Interest	293	298
Other	23	1,171
	316	1,469
Total revenue	57,628	56,760

4. OTHER INCOME

Net gains on disposal of property, plant & equipment and investments	-	369
	-	369

5. EXPENSES AND LOSSES

(a) Cost of sales		
Production costs	17,390	20,285
Employee benefits expense	8,181	6,556
Depreciation and amortisation expenses	4,351	3,977
Government royalties	2,640	3,021
	32,562	33,839
(b) Finance costs		
Interest and establishment fees on debt facilities	53	-
Rehabilitation and restoration interest expense	156	160
Finance charges payable under lease finance arrangements	195	303
Transaction costs on silver hedge financing	910	-
	1,314	463
(c) Administration Expenses		
Wages and salaries	1,130	966
Share-based payment expenses	174	95
Salary on-costs	288	239
	1,592	1,300
Depreciation	27	12
General and administration expenses	1,716	1,643
	3,335	2,955
(d) Other expenses		
Exploration costs written off	511	618
Feasibility costs written off	2	-
Net losses on USD cash balances	2,256	446
Net losses on derivative financial instruments	11,508	22,844
Net losses on silver hedge financing	5,441	-
Net losses on disposal of property, plant and equipment	25	-
	19,743	23,908

6. CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2010 $000	Consolidated 31 December 2009 $000
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	21,356	23,831
Short-term deposits	5,511	11,009
	26,867	34,840

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	Consolidated 31 December 2010 $000	Consolidated 30 June 2010 $000
Current assets		
Metals derivatives - held for trading	-	3,304
Currency derivatives - held for trading	6,197	558
	6,197	3,862
Current liabilities		
Metals derivatives - held for trading	12,739	1,770
Liabilities at fair value through profit and loss	11,669	-
	24,408	1,770
Non-current assets		
Metals derivatives - held for trading	-	670
Currency derivatives - held for trading	2,014	178
	2,014	848
Non-current liabilities		
Metals derivatives - held for trading	1,207	152
Currency derivatives - held for trading	-	230
Liabilities at fair value through profit and loss	10,131	-
	11,338	382

During the period, changes to the fair value of derivative financial instruments resulted in a loss of $11,508,000 (31 December 2009: $22,844,000) being recorded in the profit and loss. Net losses on silver hedge financing resulted in a further $5,441,000 (31 December 2009: $nil) being recorded in the profit and loss.

(a) Objectives for holding financial instruments

The Group's objectives for holding financial instruments have remained unchanged since 30 June 2010. The main risks identified are foreign currency exchange risk, metals price risk and credit risk. The details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the Annual Financial Report for the year ended 30 June 2010.

(b) Risk exposures and responses

Foreign currency exchange risk

The Group's policies regarding the mitigation of risk on foreign currency exposure has not changed since 30 June 2010. As 100% of the Company's sales receipts are in US dollars and almost all operating costs are in Australian dollars, the Company's cash flow is significantly exposed to movements in the A$:US$ exchange rate. The Company mitigates this risk with derivative instruments, including but not limited to US dollar forward exchange contracts and the purchase of US dollar put options.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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			
	US Dollars (Nominal Amount)		Weighted average A$:US$ exchange rate	
Maturity Profile	**31 December 2010 $000**	**30 June 2010 $000**	**31 December 2010**	**30 June 2010**
0 – 6 months	21,000	20,000	0.9408	0.9314
6 – 12 months	11,500	21,000	0.9070	0.9402
12 – 18 months	8,000	5,000	0.9075	0.8960
Total	40,500	46,000	0.9243	0.9134

US dollar forward exchange contracts – held for trading at the reporting date were as follows:

	US Dollar Forward Exchange Contracts			
	US Dollars (Nominal Amount)		Weighted average A$:US$ exchange rate	
Maturity Profile	**31 December 2010 $000**	**30 June 2010 $000**	**31 December 2010**	**30 June 2010**
0 – 6 months	10,000	-	0.9290	-
6 – 12 months	1,000	-	0.8559	-
12 – 18 months	2,000	-	0.8412	-
Total	13,000	-	0.9084	-

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

	US Dollar Collars			
	US Dollars (Nominal Amount)		Weighted average A$:US$ exchange rate	
Maturity Profile	**31 December 2010 $000**	**30 June 2010 $000**	**31 December 2010**	**30 June 2010**
0 – 6 months				
US$ put options purchased	8,000	10,000	0.8907	0.8558
US$ call options sold	6,000	10,000	0.7130	0.7624
6 – 12 months				
US$ put options purchased	13,500	7,000	0.9367	0.8731
US$ call options sold	13,500	7,000	0.7587	0.7134
12 – 18 months				
US$ put options purchased	14,000	9,000	0.9350	0.8818
US$ call options sold	14,000	9,000	0.7855	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	35,500	30,000	0.9253	0.8672
US$ call options sold	33,500	30,000	0.7608	0.7253

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Metals price risk

The Group's policies regarding the mitigation of risk on metals price exposure has not changed since 30 June 2010. The Company's sales revenues are generated from sales of copper, zinc and silver. Accordingly, the Company's cash flow is significantly exposed to the market price of these metals, particularly copper and zinc. Again, the Company mitigates this risk through the use of derivative instruments, including but not limited to forward metal sales contracts and the purchase of metal call options.

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 Contracts			
	Tonnes of metal		Weighted average price (US$/metric tonne)	
Maturity Profile	**31 December 2010**	**30 June 2010**	**31 December 2010**	**30 June 2010**
0 – 6 months	3,500	3,530	7,405	6,286
6 – 12 months	850	2,000	6,636	6,644
12 - 18 months	-	850	-	6,636
Total	4,350	6,380	7,255	6,445

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

	US Dollar Forward Copper Purchase Contracts			
	Tonnes of metal		Weighted average price (US$/metric tonne)	
Maturity Profile	**31 December 2010**	**30 June 2010**	**31 December 2010**	**30 June 2010**
0 – 6 months	-	880	-	6,598
Total	-	880	-	6,598

Zinc

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

	US Dollar Forward Zinc Sales Contracts			
	Tonnes of metal		Weighted average price (US$/metric tonne)	
Maturity Profile	**31 December 2010**	**30 June 2010**	**31 December 2010**	**30 June 2010**
0 – 6 months	4,375	6,150	2,126	1,964
6 – 12 months	3,100	3,750	2,040	2,111
12 - 18 months	2,375	1,600	1,961	2,099
Total	9,850	11,500	2,059	2,031

Silver hedge financing

During the half-year, the Company generated cash of $19,200,000 from prepaid silver hedge financing (net of transaction costs). The structure of the financing provides the Company with an up-front cash payment in return for forward sales of 861,403 ounces of silver over the period to June 2013. A total of 716,368 ounces of silver was outstanding at 31 December 2010.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Silver

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

	US Dollar Forward Silver Sales Contracts			
	Ounces of metal		Weighted average price (US$/ounce)	
Maturity Profile	**31 December 2010**	**30 June 2010**	**31 December 2010**	**30 June 2010**
0 – 6 months	187,209	-	19.53	-
6 – 12 months	195,893	-	19.54	-
12 - 18 months	153,266	-	19.54	-
18 - 24 months	100,000	-	27.83	-
24 - 30 months	80,000	-	27.83	-
Total	716,368	-	21.62	-

Interest rate risk

The Group's policies regarding the mitigation of risk on variable interest rate exposure has not changed since 30 June 2010. The interest rate risk to the Group is considered insignificant due to the relatively small amount of interest-bearing liabilities that remain.

Credit risk

There has been no material change in the Group's exposure to credit risk since 30 June 2010. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets and derivative financial instruments.

In respect of available-for-sale financial assets, cash and cash equivalents and derivative financial instruments, the Group's exposure to credit risk arises from potential failure of the Company's counter-parties to meet their obligations at maturity of the contracts, with a maximum exposure equal to the carrying amount of these instruments. The Company does not hold any credit derivatives to offset its credit exposure.

With respect to trade receivables, following the transition to the sales agency arrangement during the 2009 financial year, the Company reduced its exposure by now transacting directly with a number of different customers instead of a single party.

Credit risk arising from sales to customers is primarily 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 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 sales transactions each month and therefore each transaction and receivables 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.

8. CONTRIBUTED EQUITY

(a) Movements in ordinary share capital

	2010 Number of shares	2010 $000	2009 Number of shares	2009 $000
Balance at 1 July	552,619,180	218,073	545,985,153	216,457
Issued during the half-year				
- conversion of options	-	-	5,700,000	1,425
- employee share equity issues	-	-	934,027	336
Share issue costs	-	-	-	(145)
Balance at 31 December	552,169,180	218,073	552,619,180	218,073

9. DIVIDENDS PAID

There were no dividends paid or proposed during the half-year.

10. COMMITMENTS AND CONTINGENCIES

(a) Commitments

At 31 December 2010, the Group had capital commitments totalling $10,015,000 (2009: $7,050,000).

(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 the project.

The Group has performance bonds totalling $2,318,000 (2009: $1,572,000) 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 (2009: $469,000) are in the form of term deposits.

11. EVENTS AFTER THE BALANCE SHEET DATE

On 9 February 2011, Jabiru and Independence Group NL (Independence) announced that they have signed a Bid Implementation Agreement for an off-market takeover offer by Independence for all of the issued and outstanding shares in Jabiru (Offer).

The Offer is unanimously recommended by the Jabiru Board in the absence of a Superior Proposal that is not matched by Independence. Further, Jabiru Directors have agreed to accept the Offer with respect to all shares owned or controlled by them in the absence of a Superior Proposal that is not matched by Independence.

On the same date, Independence acquired a 10.48% interest in Jabiru for $0.829 cash per share from Jabiru's major shareholder, Metals X Limited (Metals X), who has also agreed to support the transaction and has entered into a pre-bid acceptance agreement in relation to the remainder of its holding in Jabiru (an additional 9.48%). As a consequence of these transactions, Independence has a relevant interest in Jabiru of 19.97%.

Other than the above, 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 periods.

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 consolidated entity are in accordance with the *Corporations Act 2001,* including:

   (i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and

   (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Gary Comb
Managing Director

Perth,Western Australia

21 February 2011

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To the members of Jabiru Metals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Jabiru Metals Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Jabiru Metals Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jabiru Metals Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst + Young

Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
21 February 2011