Prairie Downs Metals
Limited

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ASX RELEASE **27 July 2006**

Quarterly Report for the period ended 30 June 2006

HIGHLIGHTS

Prairie Downs Zinc Project

- The Company accepted an outstanding proposal from Sempra Metals & Concentrates Corp during the quarter. Sempra has invested two million dollars in the Company by way of share placement at a price of $0.60 per share. Sempra may also, subject to due diligence, invest up to a further $6,000,000 and enter into an offtake agreement on standard commercial terms.

- An updated resource statement released during the quarter shows the project already hosts total mineral resources in the Main, East and Gabbro Lodes of **one million tonnes at a grade of 8.3% zinc, 1.7% lead and 22g/t silver**. The Company's immediate objective is to increase this resource to two million tonnes at a similar grade.

- Exploration during the quarter has substantially enhanced the potential of the project. The Main and East Lodes are a very small part of the main mineralised horizon which has a total strike length of about 15 kilometres. This horizon is largely unexplored and will be an ongoing focus of exploration.

- Further significant exploration targets have been identified which include the Gabbro Lode, which lies to the immediate south of the main mineralised horizon, and two large, discrete magnetic anomalies.

- The next drill program at Prairie Downs is scheduled for August. The objective of this program is to increase tonnage. The focus will be the three identified lodes, together with new exploration targets. Gravity and induced potential surveys are also planned for the quarter.

Projects

PRAIRIE DOWNS: *ZINC-LEAD-SILVER*

Details for a drill program the Company completed during the quarter are provided in a release to ASX dated 6 June 2006. A new resource statement based upon results from this drilling shows the project hosts total mineral resources of **one million tonnes at a grade of 8.3% zinc, 1.7% lead and 22g/t silver**. This is a substantial increase in grade from the previous resource, which had an overall zinc grade of 5.7%. Further details of the resources are provided in a release to ASX dated 10 July 2006.

The initial objective of ongoing drilling is to increase this resource to two million tonnes at a similar grade. Much of the additional tonnage is expected to be met from the three lodes which already host resources; the Main Lode, East Lode and Gabbro Lode (historically, and misleadingly, known as the "Volcanic Breccia Lode").

Exploration during the quarter included drilling, mapping and rock chip sampling, digitising and processing of soil sample results and geophysical modelling and interpretation. This work has greatly improved the Company's understanding of the geology and substantially enhanced the exploration potential.

The Main and East Lodes have the same geological setting and form part of the same mineralised horizon. This horizon has a strike length of about 15 kilometres, as shown in Figure 1. An extensive geophysical program is planned in the vicinity of the known lodes to assist in targeting this horizon along strike.

The Gabbro Lode lies to the immediate south of the main mineralised horizon. While the geological setting is broadly similar to the main horizon there are fundamental differences. This mineralisation is highly significant and will be a key target for ongoing exploration.

Two magnetic anomalies have been modelled, labelled A and B on Figure 1. Anomaly A has a diameter of 700 metres and depth to top of about 250 metres. Such a discrete circular anomaly within sediments is very unusual. Anomaly B has dimensions of 5.6 kilometres by 4.1 kilometres and depth to top of about 490 metres. This large anomaly appears to be structurally related to mineralisation associated with the Prairie Downs Fault. Further geophysics and drilling is planned for both anomalies.

The next drill program is scheduled for August and will focus on new exploration targets in addition to the three lodes which host the current resource. Geophysical exploration during the September quarter is expected to include gravity, 3D induced potential, and downhole induced potential and magnetics.

PERENJORI: *COPPER-GOLD-ZINC-LEAD-SILVER*

The Perenjori project is located 270 kilometres northeast of Perth. The project covers a 2km long gossan anomalous in base metals and gold. Drilling by previous explorers is wide spaced and shallow and most anomalous intercepts are open down dip and down plunge. Separate zones of copper, zinc-lead and gold have been intersected.

A digital database was constructed during the quarter and an initial drill programme designed to test a zone of copper mineralisation. Previous shallow drilling beneath an outcropping gossan intersected a best result of 5 metres @ 1.9% copper & 18g/t silver from a vertical depth of 32 metres. The copper mineralisation has been intersected over a strike length in excess of 400 metres and remains open along strike. This first RC drill program at Perenjori is planned for the September quarter.

COPPERMINE BORE: *COPPER-GOLD-URANIUM*

In a release to ASX dated 4 May 2006 the Company announced that this project would be joint ventured with Western Uranium Limited. Further details are provided below.

A heritage survey was completed during the quarter in preparation for Western Uranium's first RC drill program.

LONGREACH WELL: *ZINC-LEAD-SILVER*

Longreach Well is located 200 kilometres northeast of Carnarvon in Western Australia. Geophysical interpretation of an airborne magnetic survey completed during the March quarter has identified a number of targets potentially prospective for Mississippi Valley-type zinc mineralisation. These targets, along with conceptually developed structural targets, will be reviewed during the September quarter.

Corporate

INVESTMENT & OFFTAKE

In a release to ASX dated 5 June 2006 the Company announced that it had accepted an outstanding investment and offtake proposal from Sempra Metals & Concentrates Corp. (a subsidiary of Sempra Energy, a Fortune 500 company).

Initially, Sempra has invested two million dollars in the Company by way of share placement at a price of $0.60 per share. Sempra may also, subject to due diligence, invest up to a further $6,000,000 in the Company by way of convertible notes, as well as enter into an offtake and marketing agreement for the purchase, on normal commercial terms, of all base metal concentrate production from the Prairie Downs Zinc Project.

WESTERN URANIUM LIMITED

In a release to ASX dated 4 May 2006 the Company announced that it intended to joint venture the Coppermine Bore Project with Western Uranium Ltd. Western Uranium will have the right to earn a 50% interest in the Coppermine Bore Project through expenditure of $1 million, and a further 25% through a further $2 million expenditure. In that event, Prairie Downs Metals' 25% interest will be free carried through to a decision to mine.

It is planned to seek ASX listing of Western Uranium in conjunction with a $2.5 million capital raising. The raising will include a priority offer to Prairie Downs Metals shareholders as outlined in a release to ASX dated 13 July 2006. Shareholders at the record date of 24 July 2006, will be mailed a prospectus that includes the priority application form.

For further information contact:
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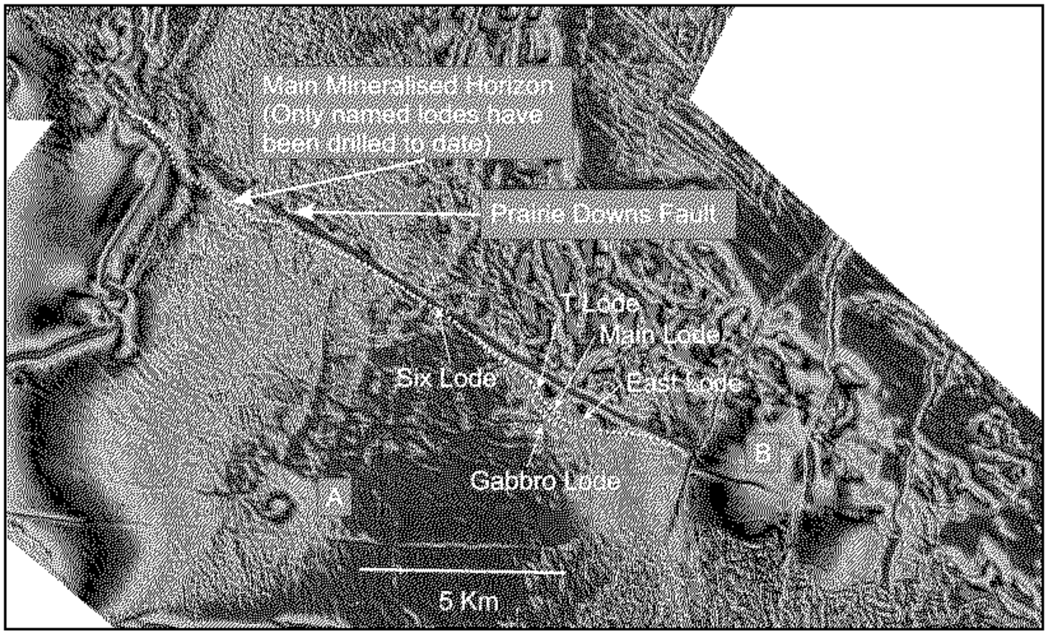
FIGURE 1. PRAIRIE DOWNS PROJECT - AIRBORNE MAGNETIC IMAGE



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Information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr David Broomfield and Mr Mark Hansen, both of whom are Members of The Australasian Institute of Mining and Metallurgy. Mr Hansen 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 and Ore Reserves'. Mr Broomfield and Mr Hansen consent to the inclusion in this report of the statements based on their information in the form and context in which it appears.