Jaguar Minerals Limited

ABN 43 107 159 713

Annual Financial Report

for the year ended 30 June 2006

Corporate Information

ABN 43 107 159 713

Directors
Brian J Hurley (Chairman)
Nanette M Anderson (Managing Director)
Michael P Wright (Non-Executive Director)

Company Secretary
Dennis Wilkins

Registered Office
18 Emerald Terrace
West Perth WA 6005
(08) 9485 0911

Solicitors
Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Bankers
Westpac Banking Corporation
1257 - 1261 Hay Street
West Perth WA 6005

Share Register
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors
Stantons International
Level 1, 1 Havelock Street
West Perth WA 6005

Internet Address
www.jaguarminerals.com.au

ASX Codes

Shares	JAG
Options (30 September 2008)	JAGO

Contents

Directors' Report

Your directors submit their report for the year ended 30 June 2006.

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 below. Where applicable, all directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Brian J Hurley, AWASM, MAusIMM (Chairman)

Mr Hurley is a mining engineering graduate of the Western Australian School of Mines. Between 1965 and 1990 he was employed by Western Mining Corporation Ltd in many roles including General Manager - Nickel Division and Senior General Manager - W.A.

During this time he held the position of Vice-Chairman of the Toronto based Nickel Development Institute and also sat as Vice-President of the Western Australian Chamber of Minerals and Energy. He has been chairman or a director of a number of junior mining and exploration companies including Gascoyne Gold Mines NL and Defiance Mining NL.

Mr Hurley is currently Chairman of Oropa Limited (formerly Finders Gold NL) and the annual Diggers & Dealers Mining Forum. In addition, he is also a member of the Australian Institute of Company Directors. Mr Hurley has not held any former directorships in the last 3 years.

Nanette M Anderson, BSc (Hons), MAusIMM (Managing Director)

Ms Anderson is a geologist with experience in mineral exploration throughout Australia and Indonesia, as well as mine and resource management. Her previous position with Kimberley Diamond Company Ltd encompassed managing exploration site operations, development and implementation of field program, negotiating with land owners and stakeholders and being part of a team which has brought a grass roots exploration project through to a significant mine.

Her particular areas of expertise are in the fields of design and co-ordination of mine planning, critical analysis of exploration targets, and design and resource modelling of databases.

Ms Anderson is a member of the Geological Society of Australia and has previously worked for Hartree Consulting Pty Ltd and Herald Resources Ltd. Ms Anderson has not held any former directorships in the last 3 years.

Michael P Wright, B.Bus (Non-Executive Director)

Mr Wright has had over 20 years experience in the resource sector in a corporate and financial capacity. He is also an executive director of the Herald Resources Ltd group of companies, where he has been instrumental in the financing and management of a number of profitable mining operations.

He has previously held positions with Occidental Oil and Gas Corporation, The Griffin Coal Mining Co Pty Ltd, Haoma Mining NL, Strata Oil and Gas Company and Arthur Andersen. Mr Wright has not held any former directorships in the last 3 years.

COMPANY SECRETARY

Dennis Wilkins, B.Bus., AICD, ACIS

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years.

Mr Wilkins previously served as the Finance Director and Company Secretary for Lynas Corporation Limited and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles have broadened his international experience.

Mr Wilkins has extensive experience in capital raisings specifically for the resources industry and is the principal of DWCorporate which provides advisory, funding and administrative management services to the resource sector. Mr Wilkins is a director of Marengo Mining Limited, Bonaparte Diamond Mines NL and South Boulder Mines Limited. Mr Wilkins has not held any former directorships in the last 3 years.

Directors' Report continued

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Jaguar Minerals Limited were:

	Ordinary Shares	Options over Ordinary Shares
Brian J Hurley	50,000	325,000
Nanette M Anderson	10,000	1,605,000
Michael P Wright	50,000	25,000

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

CORPORATE INFORMATION

Nature of operations and principal activities

During the year the Company carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying economic mineral deposits.

Employees

The Company employed 3 employees as at 30 June 2006 (2005: 3 employees).

OPERATING AND FINANCIAL REVIEW

Finance Review

Jaguar Minerals Limited (the Company) began the financial year with cash reserves of $1.1m. In May 2006 the Company made a placement of 5 million ordinary shares to sophisticated investors to raise $1 million. The funds raised will be applied towards a follow-up drilling project at the Company's 100% owned Wilson River project, and other work programs.

During the year total exploration expenditure incurred by the Company amounted to $624,959. In line with the Company's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to $459,461. This has resulted in an operating loss after income tax for the year ended 30 June 2006 to be $1,044,158 (2005: $1,208,645).

At 30 June 2006 surplus funds available totalled $1.0m.

Operating Results for the Year

Summarised operating results are as follows:

	2006	
	Revenues $	Results $
Geographic segment		
Australia	40,262	(1,044,158)
Revenues and loss from ordinary activities before income tax expense	$40,262	$(1,044,158)

Shareholder Returns

	2006	2005
Basic loss per share (cents)	**(2.9)**	(3.4)

Directors' Report continued

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholder's needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In May 2006 the Company made a placement of 5 million ordinary shares to sophisticated investors to raise $1 million. The funds raised will be applied towards a follow-up drilling program at the Company's 100% owned Wilson River project, and other work programs.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the group's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included on Note 2 to this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, other than those disclosed at note 16, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

SHARE OPTIONS

Unissued shares

At the date of this report there are 20,460,500 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	20,110,500
Share options issued during the year	
Exercisable at 25 cents, on or before 31 December 2008	350,000
Total options issued to 30 June 2006	350,000
Total number of options outstanding as at 30 June 2006	20,460,500
Issued subsequent to year end	-
Total number of options outstanding at the date of this report	**20,460,500**

Directors' Report continued

The balance is comprised of the following:

Expiry date	Exercise price	Number of options
30 Sep 2008	$0.20 (listed)	17,860,500
31 Dec 2008	$0.25	2,600,000
Total number of options outstanding at the date of this report		**20,460,500**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Jaguar Minerals Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The amount of insurance premiums paid in respect of the above cover was $12,999.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and other key management personnel of Jaguar Minerals Limited (the Company).

Remuneration policy

The remuneration policy of Jaguar Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Company's financial results. The board of Jaguar Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in employee option plans.

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Directors' Report continued

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of their personal interests with shareholders interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators will be considered. For details of directors and executives interests in options at year end, refer note 19.

Employment contracts of key management personnel

For details of service agreements between directors/executives and Jaguar Minerals Limited, refer note 19.

Compensation of key management personnel for the year ended 30 June 2006

	Short-Term			Post Employment		Share-based Payments	Total
	Salary & Fees	Cash Bonus	Non Monetary	Super-annuation	Retirement benefits	Options	
Directors							
Brian J Hurley							
2006	**30,000**	-	**4,333**	**2,700**	-	-	**37,033**
2005	30,000	-	-	2,700	-	11,760	44,460
Nanette M Anderson							
2006	**105,231**	-	**4,333**	**9,471**	-	-	**119,035**
2005	79,615	-	3,707	7,165	-	62,720	153,207
Michael P Wright							
2006	-	-	**4,333**	-	-	-	**4,333**
2005	-	-	-	-	-	-	-
Executives							
Dennis Wilkins (Company Secretary)							
2006	**24,000**	-	-	-	-	-	**24,000**
2005	24,000	-	-	-	-	-	24,000
Michael Busbridge (Exploration Manager – appointed 21 November 2005)							
2006	**67,231**	-	-	**6,051**	-	**20,825**	**94,107**
2005	-	-	-	-	-	-	-
Robert Seed (Exploration Manager – resigned 14 October 2005)							
2006	**52,250**	-	-	**3,773**	-	-	**56,023**
2005	83,461	-	-	7,511	-	13,720	104,692
Total							
2006	**278,712**	-	**12,999**	**21,995**	-	**20,825**	**$334,531**
2005	217,076	-	3,707	17,376	-	88,200	$326,359

Compensation options granted during the year ended 30 June 2006

Options are issued to key management personnel as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of key management personnel of Jaguar Minerals Limited to increase goal congruence between key management personnel and shareholders. Options granted as part of remuneration during the year are set out below. For details of key management personnel interests in options at year end, refer note 19.

	Grant date	Grant number	Vest	Value per option at grant date	Exercised Number	Value per option at exercise date	Value at date option lapsed	% of remuneration
Michael Busbridge	30/03/2006	350,000	30/03/2006	5.9 cents	N/A	N/A	N/A	22.1

Directors' Report continued

Performance Income as a proportion of total compensation

No performance based bonuses have been paid to key management personnel during the financial year. It is the intent of the board to consider performance bonuses as part of remuneration packages when mine production commences.

DIRECTORS' MEETINGS

During the year the Company held 10 meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	**B**
Brian J Hurley	10	10
Nanette M Anderson	10	10
Michael P Wright	8	10

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

ROUNDING

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

AUDITOR INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 40.

NON-AUDIT SERVICES

There were no non-audit services provided by the Company's auditor, Stantons International or associated entities during the year ended 30 June 2006.

Signed in accordance with a resolution of the directors.

Nanette M Anderson
Managing Director

Perth, 13 September 2006

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an audit committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2005 with a view to making amendments where applicable after considering the Company's size and the resources it has available.
As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to adoption of these principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management	**N/A**	The Company has not adopted this recommendation to formalise and disclose the functions reserved to the board and those delegated to management. The Company has a small board, comprising three directors, two of whom are non-executive (including the chairman). The Company considers the expense of sourcing additional directors at this stage of its development is unwarranted. The roles and functions within the Company must remain flexible in order for it to best function within its level of available resources. The full board currently meets every month. In addition, strategy meetings and any extraordinary meetings are held at such other times as may be necessary to address any specific significant matters that may arise. The board believes the alignment of the interests of directors with those of shareholders as being the most efficient way to ensure shareholders interests are protected.
Principle 2:	**Structure the board to add value**		
2.1	A majority of board members should be independent directors	**N/A**	Given the Company's background, the nature and size of its business and the current stage of its development, the board comprises three directors, two of whom are non-executive (including the independent chairman). The board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chairperson should be an independent director	**A**	
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	**A**	The positions of chairman and managing director are held by separate persons.
2.4	The board should establish a nomination committee	**N/A**	The board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the board carries out the process of determining the need for, screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
2.5	Provide the information indicated in guide to reporting on Principle 2	**A (in part)**	The skills and experience of directors are set out in the Company's annual report and on its website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices	**A**	The Company has formulated a code of conduct which can be viewed on the Company's website.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 3: *(continued)*	**Promote ethical and responsible decision-making**		
3.2	Disclose the policy concerning trading in Company securities by directors, officers and employees	A	The Company has formulated a securities trading policy which can be viewed on its website.
3.3	Provide the information indicated in guide to reporting on Principle 3	A	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards	A	
4.2	The board should establish an audit committee	N/A	Given the Company's background, the nature and size of its business and the current stage of its development, the board comprises only three directors, of which only one (the Chairman) is considered independent. The company believes it is impractical to source additional directors at this stage of its development, without which it is not possible to form an independent audit committee.
4.3	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	N/A	
4.4	The audit committee should have a formal charter	N/A	
4.5	Provide the information indicated in guide to reporting on Principle 4	N/A	
Principle 5:	**Make timely and balanced disclosure**		
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	N/A	The Company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The board is acutely aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2	Provide the information indicated in guide to reporting on Principle 5	N/A	The board receives monthly reports on the status of the Company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each board meeting.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 6:	**Respect the rights of shareholders**		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	A	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distribution of specific releases covering major transactions or events.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report	A	Shareholders are encouraged to exercise their right to vote, either by attending meetings, or by lodging a proxy. The Company's auditors attend all shareholders' meetings.
Principle 7:	**Recognise and manage risk**		
7.1	The board or appropriate board committee should establish policies on risk oversight and management	N/A	While the Company does not have formalised policies on risk management the board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the polices adopted by the board 7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	N/A	Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.3	Provide information indicated in guide to reporting on Principle 7	N/A	
Principle 8:	**Encourage enhanced Performance**		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives	N/A	The Company does not consider it appropriate to have a sub-committee of the board to consider remuneration matters. The remuneration of executive and non-executive directors is reviewed by the board with the exclusion of the director concerned. The remuneration of management and employees is reviewed by the board and approved by the chairman. Acting in its ordinary capacity, the board from time to time carries out the process of considering and determining performance issues including the identification of matters that may have a material effect on the price of the Company's securities. Whenever relevant, any such matters are reported to ASX.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 9:	**Remunerate fairly and responsibly**		
9.1	Provide disclosure in relation to the Company's remuneration policies and benefits to these policies and the link between remuneration paid to directors and key executives and corporate performance.	A	The Company discloses remuneration-related information in its annual report to shareholders in accordance with the Corporations Act 2001. Remuneration levels are determined by the board on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
9.2	The board should establish a remuneration committee	N/A	
9.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives	A	
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	A	
9.5	Provide information indicated in ASX guide to reporting on Principle 9	A (in part)	
Principle 10:	**Recognise legitimate interests of stakeholders**		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	A	The Company's code of conduct is set out in the Company's website. The board continues to review existing procedures over time to ensure adequate processes are in place. All directors, employees and contractors are expected to act with the utmost integrity and objectivity in their dealings with other parties, striving at all times to enhance the reputation and performance of the Company.

A = Adopted
N/A = Not adopted

Income Statement

YEAR ENDED 30 JUNE 2006	Notes	The Company 2006 $	2005 $
REVENUE FROM CONTINUING OPERATIONS	3	**40,262**	83,769
EXPENDITURE			
Depreciation expense	4	**(11,855)**	(6,917)
Salaries and employee benefits expense		**(183,439)**	(209,705)
Exploration expenses	4	**(624,959)**	(880,638)
Corporate expenses		**(22,790)**	(13,514)
Occupancy expenses		**(81,081)**	(39,964)
Consulting expenses		**(42,824)**	(30,269)
Administration expenses		**(51,544)**	(71,905)
Share based payments expense	23(b)	**(20,825)**	-
Other expenses from ordinary activities		**(45,103)**	(39,502)
LOSS BEFORE INCOME TAX EXPENSE		**(1,044,158)**	(1,208,645)
INCOME TAX BENEFIT / (EXPENSE)	5	**-**	-
NET LOSS ATTRIBUTABLE TO MEMBERS OFJAGUAR MINERALS LIMITED		**$(1,044,158)**	$(1,208,645)
Basic loss per share (cents per share)	17	**(2.9)**	(3.4)

The above Income Statement is to be read in conjunction with the Notes to the Financial Statements.

Balance Sheet

AT 30 JUNE 2006	Notes	The Company	
		2006	2005
		$	$
CURRENT ASSETS			
Cash and cash equivalents	13(b)	**1,018,341**	1,189,320
Trade and other receivables	7	**50,297**	51,244
TOTAL CURRENT ASSETS		**1,068,638**	1,240,564
NON-CURRENT ASSETS			
Plant and equipment	8	**33,602**	45,457
TOTAL NON-CURRENT ASSETS		**33,602**	45,457
TOTAL ASSETS		**1,102,240**	1,286,021
CURRENT LIABILITIES			
Trade and other payables	9	**56,752**	131,498
Provisions	10	**13,014**	38,717
TOTAL CURRENT LIABILITIES		**69,766**	170,215
TOTAL LIABILITIES		**69,766**	170,215
NET ASSETS		**$1,032,474**	$1,115,806
EQUITY			
Issued capital	11	**3,835,848**	2,895,847
Reserves	12(a)	**20,825**	-
Accumulated losses	12(b)	**(2,824,199)**	(1,780,041)
TOTAL EQUITY		**$1,032,474**	$1,115,806

The above Balance Sheet is to be read in conjunction with the Notes to the Financial Statements

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2006	Notes	The Company	
		2006	2005
		$	$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		**1,115,806**	2,330,487
LOSS FOR THE YEAR		**(1,044,158)**	(1,208,645)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF JAGUAR MINERALS LIMITED		**(1,044,158)**	(1,208,645)
Transactions with equity holders in their capacity as equity holders:			
Shares issued during the year	11(b)	**1,000,000**	-
Transaction costs	11(b)	**(59,999)**	(6,036)
Employee share options	12(a)	**20,825**	-
		960,826	(6,036)
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**$1,032,474**	$1,115,806

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

YEAR ENDED 30 JUNE 2006	Notes	The Company	
		2006	2005
		$	$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		**(454,643)**	(381,174)
Interest received		**43,901**	80,130
Expenditure on mining interests		**(688,238)**	(790,785)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	13(a)	**(1,098,980)**	(1,091,829)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for plant and equipment		**-**	(52,374)
Payments for tenement acquisition		**-**	(500,000)
Payment of bonds		**(12,000)**	(6,500)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(12,000)**	(558,874)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**1,000,000**	-
Payment of share issue costs		**(59,999)**	(6,036)
Repayments of borrowings - related parties		**-**	(299,287)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**940,001**	(305,323)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(170,979)**	(1,956,026)
Add opening cash and cash equivalents brought forward		**1,189,320**	3,145,346
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	13(b)	**$1,018,341**	$1,189,320

The above Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements of Jaguar Minerals Limited as an individual entity. Jaguar Minerals Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on Australian Stock Exchange Limited.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the financial report, comprising the group's financial statements and notes and the parent entity financial statements and notes of Jaguar Minerals Limited, comply with IFRSs.

Except for the revised AASB 119 *Employee Benefits* (issued December 2005), Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2006:

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard*	Application date for Group
2005-1	AASB 139: *Financial Instruments: Recognition and Measurement*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-5	AASB 1: *First-time adoption of AIFRS*, AASB 139: *Financial Instruments: Recognition and Measurement*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-6	AASB 3: *Business Combinations*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-10	AASB 132: *Financial Instruments: Disclosure and Presentation*, AASB 101: *Presentation of Financial Statements*, AASB 114: *Segment Reporting*, AASB 117: *Leases*, AASB 133: *Earnings Per Share*, AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 1: *First-time adoption of AIFRS*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
New standard	AASB 7: *Financial Instruments: Disclosures*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

The following amendments are not applicable to the Group and therefore have no impact:

AASB Amendment	Affected Standard(s)
2005-4	AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 132: *Financial Instruments: Disclosure and Presentation*, AASB 1: *First-time adoption of AIFRS*
2005-9	AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 132: *Financial Instruments: Disclosure and Presentation*

Notes to the Financial Statements continued

30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Jaguar Minerals Limited financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of Jaguar Minerals Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRSs. When preparing Jaguar Minerals Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRSs. The comparative figures in respect of 2005 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRSs on the group's equity and its net income are given in note 2.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(c) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements continued

30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Exploration and evaluation costs

Exploration and evaluation costs are written off in the period they are incurred.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Notes to the Financial Statements continued

30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payments

The company provides benefits to employees (including directors) of the company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or Binomial option pricing model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where 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.

(j) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(k) Issued capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated as the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements continued

30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

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 internal valuation using a Binomial model with the assumptions detailed in note 23.

(p) Interests in joint ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated income statement and balance sheet. Details of the economic entity's interests are shown in note 24.

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

Notes to the Financial Statements continued

30 JUNE 2006		The Company		
	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $

2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of Equity at 1 July 2004

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
CURRENT ASSETS				
Cash and cash equivalents		3,145,346	-	**3,145,346**
Trade and other receivables		26,073	-	**26,073**
TOTAL CURRENT ASSETS		3,171,419	-	**3,171,419**
TOTAL ASSETS		3,171,419	-	**3,171,419**
CURRENT LIABILITIES				
Trade and other payables		840,932	-	**840,932**
TOTAL CURRENT LIABILITIES		840,932	-	**840,932**
TOTAL LIABILITIES		840,932	-	**840,932**
NET ASSETS		$2,330,487	-	**$2,330,487**
EQUITY				
Issued capital		2,901,883	-	**2,901,883**
Accumulated losses		(571,396)	-	**(571,396)**
TOTAL EQUITY		$2,330,487	-	**$2,330,487**

No material impacts have occurred to Equity presented under AGAAP on adoption of AIFRS.

Notes to the Financial Statements continued

30 JUNE 2006		The Company		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS
	Notes	$	$	$

2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Reconciliation of Equity at 30 June 2005

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
CURRENT ASSETS			
Cash and cash equivalents	1,189,320	-	**1,189,320**
Trade and other receivables	51,244	-	**51,244**
TOTAL CURRENT ASSETS	1,240,564	-	**1,240,564**
NON-CURRENT ASSETS			
Plant and equipment	45,457	-	**45,457**
TOTAL NON-CURRENT ASSETS	45,457	-	**45,457**
TOTAL ASSETS	1,286,021	-	**1,286,021**
CURRENT LIABILITIES			
Trade and other payables	131,498	-	**131,498**
Provisions	38,717	-	**38,717**
TOTAL CURRENT LIABILITIES	170,215	-	**170,215**
TOTAL LIABILITIES	170,215	-	**170,215**
NET ASSETS	$1,115,806	-	**$1,115,806**
EQUITY			
Issued capital	2,895,847	-	**2,895,847**
Accumulated losses	(1,780,041)	-	**(1,780,041)**
TOTAL EQUITY	$1,115,806	-	**$1,115,806**

No material impacts have occurred to Equity presented under AGAAP on adoption of AIFRS.

Notes to the Financial Statements continued

30 JUNE 2006		The Company		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS
	Notes	$	$	$

2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Reconciliation of Profit or Loss for year ended 30 June 2005

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
REVENUE FROM ORDINARY ACTIVITIES	83,769	-	**83,769**
EXPENDITURE FROM ORDINARY ACTIVITIES			
Depreciation expense	(6,917)	-	**(6,917)**
Salaries and employee benefits expense	(209,705)	-	**(209,705)**
Exploration expenses	(880,638)	-	**(880,638)**
Corporate expenses	(13,514)	-	**(13,514)**
Occupancy expenses	(39,964)	-	**(39,964)**
Consulting expenses	(30,269)	-	**(30,269)**
Administration expenses	(71,905)	-	**(71,905)**
Other expenses from ordinary activities	(39,502)	-	**(39,502)**
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	(1,208,645)	-	**(1,208,645)**
INCOME TAX BENEFIT / (EXPENSE) RELATING TO ORDINARY ACTIVITIES	-	-	**-**
NET LOSS ATTRIBUTABLE TO MEMBERS OF JAGUAR MINERALS LIMITED	$(1,208,645)	-	**$(1,208,645)**

No material impacts have occurred to the Income Statement presented under AGAAP on adoption of AIFRS.

No material impacts have occurred to the Statement of Cash Flows presented under AGAAP on adoption of AIFRS.

Notes to the Financial Statements continued

30 JUNE 2006	Notes	The Company 2006 $	2005 $
3. REVENUE FROM CONTINUING OPERATIONS			
Revenues from non-operating activities			
Interest			
Bank interest		**40,262**	83,769
Total revenues from continuing operations		**$40,262**	$83,769
4. EXPENSES AND LOSSES/(GAINS)			
(a) Expenses			
Depreciation of non-current assets		**11,855**	6,917
Exploration and evaluation expenditure costs		**624,959**	880,638
5. INCOME TAX			
(a) Income tax expense			
Current tax		**-**	-
Deferred tax		**-**	-
Under (over) provided in prior years		**-**	-
		$-	$-
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Loss from ordinary activities before income tax expense		**(1,044,158)**	(1,208,645)
Prima facie tax benefit on loss from ordinary activities at 30% (2005: 30%)		**(313,247)**	(362,594)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Share-based payments		**6,247**	-
Sundry items		**331**	1,928
		(306,669)	(360,666)
Movements in unrecognised temporary differences		**(18,447)**	(1,208)
Tax effect of current year tax losses for which no deferred tax asset has been recognised		**325,116**	361,874
Income tax expense		**$-**	$-
(c) Unrecognised temporary differences			
Deferred Tax Assets (at 30%)			
On Income Tax Account			
Capital raising costs		**46,988**	48,702
Accumulated depreciation		**1,625**	627
Accruals and provisions for employee entitlements		**12,589**	13,413
Carry forward tax losses		**874,160**	549,044
		$935,362	$611,786
Deferred Tax Liabilities (at 30%)		**$-**	$-

Notes to the Financial Statements continued

30 JUNE 2006	Notes	The Company 2006 $	2005 $
6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES			

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

7. TRADE AND OTHER RECEIVABLES (CURRENT)

	Notes	2006 $	2005 $
Goods and services tax receivable		**20,398**	32,525
Bonds lodged		**18,500**	6,500
Other receivables		**11,399**	12,219
		$50,297	$51,244

8. PLANT AND EQUIPMENT

	Notes	2006 $	2005 $
Plant & equipment			
At cost		**52,374**	52,374
Accumulated depreciation		**(18,772)**	(6,917)
	8(a)	**$33,602**	$45,457

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Notes	2006 $	2005 $
Plant & equipment			
Carrying amount at beginning		**45,457**	-
Additions		**-**	52,374
Depreciation expense		**(11,855)**	(6,917)
Carrying amount at end		**$33,602**	$45,457

9. TRADE AND OTHER PAYABLES (CURRENT)

	Notes	2006 $	2005 $
Trade creditors		**16,580**	105,520
Other creditors and accruals		**40,172**	25,978
		$56,752	$131,498

10. PROVISIONS (CURRENT)

	Notes	2006 $	2005 $
Employee benefits		**13,014**	21,331
Other provisions		**-**	17,386
		$13,014	$38,717

11. ISSUED CAPITAL

(a) Issued and paid up capital

		2006		2005	
		Number of shares	$	Number of shares	$
Ordinary shares fully paid	11(b), 11(d)	**40,821,000**	**3,835,848**	35,821,000	2,895,847
		40,821,000	**$3,835,848**	35,821,000	$2,895,847

Notes to the Financial Statements continued

30 JUNE 2006

11. ISSUED CAPITAL (cont'd)

(b) Movements in shares on issue

	2006		2005	
	Number of shares	$	Number of shares	$
Beginning of the financial year	**35,821,000**	**2,895,847**	35,821,000	2,901,883
- Shares issued for cash at 20 cents	**5,000,000**	**1,000,000**	-	-
less transaction costs	**-**	**(59,999)**	-	(6,036)
End of the financial year	**40,821,000**	**$3,835,848**	35,821,000	$2,895,847

(c) Movements in options on issue

	2006	2005
	Number of options	
Beginning of the financial year	**20,110,500**	17,860,500
Issued during the year		
– Exercisable at 25 cents, on or before 31 Dec 2008	**350,000**	2,250,000
End of the financial year	**20,460,500**	20,110,500

(d) Ordinary shares

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.

	Notes	The Company 2006	2005
		$	$
12. RESERVES AND ACCUMULATED LOSSES			
(a) Reserves			
Share-based payments reserve	12(c)	**$20,825**	$-
Movements:			
Balance at beginning of year		**-**	-
Option expense		**20,825**	-
Balance at end of year		**$20,825**	$-
(b) Accumulated losses			
Balance at beginning of year		**(1,780,041)**	(571,396)
Net loss attributable to members of Jaguar Minerals Limited		**(1,044,158)**	(1,208,645)
Balance at end of year		**$(2,824,199)**	$(1,780,041)

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Notes to the Financial Statements continued

30 JUNE 2006	Notes	The Company 2006 $	2005 $
13. STATEMENT OF CASH FLOWS			
(a) Reconciliation of the net loss after income tax to the net cash flows from operations			
Net loss		**(1,044,158)**	(1,208,645)
Non-Cash Items			
Depreciation of non-current assets		**11,855**	6,917
Option expense		**20,825**	-
Changes in operating assets and liabilities			
Decrease/(increase) in trade and other receivables		**12,947**	(18,671)
Increase/(decrease) in trade and other creditors		**(74,746)**	89,853
Increase/(decrease) in provisions		**(25,703)**	38,717
Net cash outflow from operating activities		**$(1,098,980)**	$(1,091,829)

(b) Reconciliation of cash

Cash balance comprises:		
– cash at bank and in hand	**1,310**	(15,809)
– short-term deposits	**1,017,031**	1,205,129
Closing cash balance	**$1,018,341**	$1,189,320

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(c) Non-cash financing and investing activities

Options issued to employees and consultants for no consideration or as settlement for expenses are shown in note 23.

14. EXPENDITURE COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

not later than one year	**340,000**	304,540
later than one year and not later than five years	**1,165,000**	1,218,160
	$1,505,000	$1,522,700

(b) Lease expenditure commitments

Operating leases (non-cancellable):

Minimum lease payments		
– not later than one year	**39,625**	37,000
– later than one year and not later than five years	**45,000**	4,625
– aggregate rental lease expenditure contracted for at reporting date	**$84,625**	$41,625

The property lease is a non-cancellable lease with a 2 year term, with rent payable monthly in advance. The rental agreement does not contain any rent review clauses. An option exists to renew the lease at the end of the 2 year term for an additional term of 2 years. The lease allows for subletting of all lease areas.

Notes to the Financial Statements continued

30 JUNE 2006	Notes	The Company 2006 $	2005 $

14. EXPENDITURE COMMITMENTS (cont'd)

(c) Employment contract commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in note 19(b) that are not recognised as liabilities and are not included in the key management personnel compensation.

	2006 $	2005 $
not later than one year	**140,000**	134,900
later than one year and not later than five years	**233,333**	72,445
	$373,333	$207,345

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent liabilities or contingent assets of the Company at balance date.

16. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2006, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

17. LOSS PER SHARE

(a) Reconciliation of earnings to profit or loss

	2006 $	2005 $
Net loss	**(1,044,158)**	(1,208,645)
Loss used in calculating basic and diluted loss per share	**$(1,044,158)**	$(1,208,645)

	Number of shares	Number of shares
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share		
Weighted average number of ordinary shares used in calculating basic loss per share	**36,341,548**	35,273,071

Effect of dilutive securities:

There were no dilutive potential ordinary shares on issue at balance date, accordingly diluted loss per share has not been disclosed.

18. AUDITORS' REMUNERATION

	2006 $	2005 $
Amounts received or due and receivable by Stantons International or associated entities for:		
– an audit or review of the financial report of the Company	**16,659**	15,219
– other services in relation to the Company		
- Tax compliance services	**-**	1,500
	$16,659	$16,719

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

(i) Directors

Brian J Hurley	Chairman	
Nanette M Anderson	Managing Director	
Michael P Wright	Non-Executive Director	

(ii) Executives

Dennis Wilkins	Company Secretary	
Michael Busbridge	Exploration Manager	*Appointed 21 November 2005*
Robert Seed	Exploration Manager	*Resigned 14 October 2005*

Notes to the Financial Statements continued

30 JUNE 2006

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(b) Remuneration policy of key management personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Non Executive Directors

The constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (currently $200,000). The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

Directors Fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs service outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Currently, Mr B Hurley is remunerated by way of directors' fees.

Service Agreements

The agreements relating to remuneration are set out below:

Nanette Anderson, Managing Director:

- Term of agreement - 3 years commencing 28 February 2006.
- Base salary, exclusive of superannuation, for the year ended 30 June 2006 of $110,000 to be reviewed annually by the board.
- Ms Anderson is entitled to a fully maintained Company car as well as re-imbursement of expenditures incurred in the normal course of the Company's business.
- The board may also pay the Managing Director such bonuses as it determines in its absolute discretion.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination.

Dennis Wilkins, Company Secretary/Chief Financial Officer:

- Term of agreement – 1 month notice of termination required.
- Fixed fee, $24,000 per annum.

Retirement Benefits

Other retirement benefits may be provide directly by the Company if approved by shareholders.

Notes to the Financial Statements continued

30 JUNE 2006

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(c) Compensation of key management personnel by category

	The Company 2006 $	2005 $
Short-term	**291,711**	220,783
Post employment	**21,995**	17,376
Other long-term	**-**	-
Termination benefits	**-**	-
Share-based payment	**20,825**	88,200
	$334,531	$326,359

(d) Compensation of key management personnel by individual

	Short-Term Salary & Fees	Short-Term Cash Bonus	Short-Term Non Monetary	Post Employment Super-annuation	Post Employment Retirement benefits	Share-based Payments Options	Total
Directors							
Brian J Hurley							
2006	**30,000**	**-**	**4,333**	**2,700**	**-**	**-**	**37,033**
2005	30,000	-	-	2,700	-	11,760	44,460
Nanette M Anderson							
2006	**105,231**	**-**	**4,333**	**9,471**	**-**	**-**	**119,035**
2005	79,615	-	3,707	7,165	-	62,720	153,207
Michael P Wright							
2006	**-**	**-**	**4,333**	**-**	**-**	**-**	**4,333**
2005	-	-	-	-	-	-	-
Executives							
Dennis Wilkins							
2006	**24,000**	**-**	**-**	**-**	**-**	**-**	**24,000**
2005	24,000	-	-	-	-	-	24,000
Michael Busbridge (appointed 21 November 2005)							
2006	**67,231**	**-**	**-**	**6,051**	**-**	**20,825**	**94,107**
2005	-	-	-	-	-	-	-
Robert Seed (resigned 14 October 2005)							
2006	**52,250**	**-**	**-**	**3,773**	**-**	**-**	**56,023**
2005	83,461	-	-	7,511	-	13,720	104,692
Total							
2006	**278,712**	**-**	**12,999**	**21,995**	**-**	**20,825**	**$334,531**
2005	217,076	-	3,707	17,376	-	88,200	$326,359

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

Compensation options issued in 2006 and vesting during the year are shown below. For further details refer to note 23.

	Vested Number	Granted Number	Terms & Conditions for Each Grant: Grant Date	Value per option at grant date (cents)	Exercise Price per share (cents)	First Exercise Date	Last Exercise Date
Executives							
Michael Busbridge	350,000	350,000	30 Mar 2006	5.9	25.0	30 Mar 2006	31 Dec 2008
Total	350,000	350,000					

Notes to the Financial Statements continued

30 JUNE 2006

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(f) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the year.

(g) Option holdings of key management personnel

	Balance at beginning of year 1 July 2005	Granted	Options Exercised	Net Change Other	Balance at end of year 30 June 2006	Vested at 30 June 2006 Total	Not exercisable	Exercisable
Directors								
Brian J Hurley	325,000	-	-	-	325,000	325,000	-	325,000
Nanette M Anderson	1,605,000	-	-	-	1,605,000	1,605,000	-	1,605,000
Michael P Wright	25,000	-	-	-	25,000	25,000	-	25,000
Executives								
Dennis Wilkins	-	-	-	-	-	-	-	-
Michael Busbridge	-	350,000	-	-	350,000	350,000	-	350,000
Total	**1,955,000**	**350,000**	**-**	**-**	**2,305,000**	**2,305,000**	**-**	**2,305,000**

(h) Shareholdings of key management personnel

	Balance 1 July 2005		Granted		On Exercise of Options		Net Change Other		Balance 30 June 2006	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Directors										
Brian J Hurley	50,000	-	-	-	-	-	-	-	50,000	-
Nanette M Anderson	10,000	-	-	-	-	-	-	-	10,000	-
Michael P Wright	50,000	-	-	-	-	-	-	-	50,000	-
Executives										
Dennis Wilkins	-	-	-	-	-	-	-	-	-	-
Michael Busbridge	-	-	-	-	-	-	-	-	-	-
Total	110,000	-	-	-	-	-	-	-	110,000	-

(i) Loans to key management personnel

There were no loans to key management personnel during the year.

(j) Other transactions and balances with key management personnel

Services

DWCorporate, a business of which Mr Wilkins is principal, provided Company secretarial and other corporate services to Jaguar Minerals Limited during the year. The amounts paid were at arms length and are disclosed in note 19(b) and (d) above.

20. RELATED PARTY DISCLOSURES

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

21. SEGMENT INFORMATION

Segment products and locations

The Company's operations are in the mining industry in Australia.

Notes to the Financial Statements continued

30 JUNE 2006

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Interest rate risk

The Company is exposed to movements in market interest rates on short-term deposits. Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 %	2005 %
(i) Financial assets														
Cash	**910**	1,188,920	**1,017,031**	-	-	-	-	-	**400**	400	**1,018,341**	1,189,320	**5.2**	3.9
Trade and other receivables	-	-	-	-	-	-	-	-	**50,297**	36,165	**50,297**	36,165	-	-
Total financial assets	**910**	1,188,920	**1,017,031**	-	-	-	-	-	**50,697**	36,565	**1,068,638**	1,225,485		
(ii) Financial liabilities														
Trade creditors	-	-	-	-	-	-	-	-	**(16,580)**	(105,520)	**(16,580)**	(105,520)	-	-
Other creditors and accruals	-	-	-	-	-	-	-	-	**(40,172)**	(25,978	**(40,172)**	(25,978)	-	-
Total financial liabilities	-	-	-	-	-	-	-	-	**(56,752)**	(131,498)	**(56,752)**	(131,498)		

Notes to the Financial Statements continued

30 JUNE 2006

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Net fair values

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value.

(c) Credit risk exposures

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

23. SHARE-BASED PAYMENTS

(a) Employee and Contractors Option Plan

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options issued is 25 cents, and the exercise date is 31 December 2008.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	The Company			
	2006		2005	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**2,250,000**	**25.0**	-	-
Granted	**350,000**	**25.0**	2,250,000	25.0
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	**2,600,000**	**25.0**	2,250,000	25.0
Exercisable at year-end	**2,600,000**	**25.0**	2,250,000	25.0

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.5 years (2005: 3.5 years).

Notes to the Financial Statements continued

30 JUNE 2006

23. SHARE-BASED PAYMENTS (cont'd)

(b) Expenses arising from share-based payment transactions

The weighted average fair value of the options granted during the year was 5.9 cents. The price was calculated by using a Binomial valuation applying the following inputs:

Weighted average exercise price (cents)	25.0
Weighted average life of the option (years)	2.76
Weighted average underlying share price (cents)	20.0
Expected share price volatility	70%
Risk free interest rate	5.75%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	The Company	
	2006	2005
	$	$
Options issued to employees	$20,825	$-

24. JOINT VENTURE

Mt David Project

In December 2005 the company entered into an agreement with Paradigm Gold Limited (Paradigm) to explore Jaguar's wholly owned Mt David project located 100km south of Bathurst in central NSW. Initially both Jaguar and Paradigm contributed equally to a drilling program managed by Paradigm. Paradigm has elected to earn an initial 25% interest in the Mt David Project by expending $200,000 on exploration over 2 years. Paradigm has the option to earn an additional 25% (50% total) by spending a further $250,000 on exploration at Mt David after the first earning date. The joint venture is in relation to gold, and has a carrying value of nil.

Directors' Declaration

In accordance with a resolution of the directors of Jaguar Minerals Limited, I state that:

(1) In the opinion of the directors:

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(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.

(2) 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 2006.

On behalf of the board

Nanette M Anderson
Managing Director

Perth, 13 September 2006

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INDEPENDENT AUDIT REPORT

**TO THE MEMBERS OF
JAGUAR MINERALS LIMITED**

SCOPE

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash-flows, accompanying notes to the financial statements and the directors' declaration for Jaguar Minerals Limited (the Company) for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of the performance as represented by the results of their operations and cash flows.

Stantons International

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We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

AUDIT OPINION

In our opinion, the financial report of Jaguar Minerals Limited is in accordance with:

a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTONS INTERNATIONAL
(Authorised Audit Company)

Stantons International

J P Van Dieren
Director

Perth, Western Australia
13 September 2006

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13 September 2006

Board of Directors
Jaguar Minerals Limited
18 Emerald Terrace,
West Perth WA 6005

Dear Directors

RE: JAGUAR MINERALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Jaguar Minerals Limited.

As Audit Director for the audit of the financial statements of Jaguar Minerals Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)

J P Van Dieren
Director