

27 November 2014

CHAIRMANS ADDRESS

There cannot be many miners/explorers still listed on the ASX after 50 years. There were plenty of strong little miners originally listed, yielding 12% plus at times but mergers and takeovers have swallowed virtually all of them. WMC disappeared into BHP and even the Broken Hill heavyweight merged with the lightweight Billiton to no particular advantage. All very sad and compounded by the disappearance of all the little broking houses, some of whom specialised in emerging miners. I strongly suspect that we will never see a repeat of that interesting history.

It does seem a significant achievement for Jervois Mining Limited to reach this milestone; for both the Company and its shareholders. In all that time the Company has enjoyed success and failure. Initially producing copper 'cement' from the acid leach of copper oxide ores from the Jervois Ranges in the Northern Territory (amazingly we have come full circle in that we are proposing to acid leach our new Scandium discovery at Flemington, near Syerston, NSW.) Following up on the copper production (which was tough going in such a remote corner of Australia) under the Chairmanship of Mr Ian Sykes, the Company proceeded to a very successful entry into oil and gas exploration. In the 1970's there was just Jervois and a very small contingent of overseas groups competing for all the best oil exploration acreage. My favourite anecdote from that period was the sale by Mr Sykes of 1% of EPIII in the Perth Basin to some American company, for one million dollars. In those days that was something.

Matters ground to a halt in 1987 – yet another challenging year in the market. The Company gradually extricated itself from oil exploration and concentrated on mineral exploration, which has continued to the present time.

The search for silver and base metals in Victoria was a failure but the acquisition of the unfancied nickel/cobalt laterite tenements (formerly held by BHP), just north of Young, yielded a huge resource of nickel and cobalt in laterite. We have retained this tenement in the belief that such a huge resource cannot be left unmined forever. As I speak we are carrying out infill drilling with the purpose of attempting to raise our resource category to "Indicated". A worthy aim in view of the changing requirements for JORC status. Whilst the drilling is at the halfway stage, the possibility has been raised of the existence of a second resource underneath the existing resource, of which we were unaware. This is exciting, as we do know from previous drilling, that nickel grades increase with depth at Young.

Then followed the acquisition of the reasonably well known Bullabulling Goldmine and consequently some gold production using a heap leach process. The project

was sold on to Auzex Resources Limited who in turn raised the funding necessary to drill out the resource, with considerable success. Re-named Bullabulling Gold, the company was taken over by Norton Gold Mines Limited, who have announced plans to develop the project to production in, up to, 5 years' time. The Company can wait and it maintains its royalty position as outlined in the Annual Report

After a prolonged process, Jervois Mining eventually sold the Nyngan Scandium Resource to Canadian listed EMC Metals Inc. for a total of \$ 2.9 Million, or thereabouts, and an ongoing Royalty as reported. The initially attempted joint venture was a failure but we did get paid. I expected metallurgical brilliance from the joint venture partner but was disappointed. There was one man for a while that looked promising but he quickly vanished from the scene. I will get to it later, but we resolved the metallurgical (recovery) problem ourselves, without their input. In retrospect, perhaps I expected too much from the partners.

Our 50th year has been momentous in many ways. We all recently witnessed the near implosion of the mining and exploration industry. In particular the spectacular and ongoing drop in the price for iron ore caught everyone by surprise. \$70.00 per tonne is below production cost for the smaller participants.

Jervois survived by selling non-core assets, e.g. the Nyngan Scandium resource to the American managed, but Canadian company, EMC Metals Inc.; the Bullabulling gold resource, originally to Auzex Limited and, last year the sale of our 20% of the Forest Reefs gold prospect to Newcrest Limited.

The Company retains potentially valuable Royalties over all three resources and together, these Royalties should be the Company's lifeline to the future and ultimately to the reward of dividends to shareholders. Even if only half of the gold resource at Bullabulling converts to ore reserve; and gets mined and treated, the Royalty flow to Jervois would yield potential dividends.

The Company, of necessity, operated this year on a very restricted exploration budget but managed to successfully apply over ground open for exploration near the old Black Range Syerston nickel/cobalt resource. Some preliminary work was quickly followed by exploration drilling. The end result was an extraordinary discovery of the metal Scandium. Earlier this year a closely spaced drilling program yielded an 'Indicated Resource' under the JORC Code, reported in our Annual Report and elsewhere. One decidedly mineable block exhibits grades 30 % higher than anything else reported thus far. Jervois Mining Limited are on record, and indeed have advised Ivanplats Syerston in writing, that the 'good' bit most probably projects into the old Black Range tenements. Small wonder that the Ivanhoe tenements are in the process of being transferred to CleanTeq – a group now totally controlled by Friedland, a Canadian prospector.

For Jervois, the metal scandium still has to be sold to a buyer, somewhere. We are not looking for a partner, or an MOU (a proliferating document, popular, but

essentially meaningless). When a Company wants to sign a 'take or pay' contract for 99.9+% Sc_2O_3 (Scandia), with Jervois, then we will take notice. Jervois simply plans a Pilot Plant scale operation, to produce up to 5 tonnes per annum of 99.99% Sc_2O_3 . Funding has been proposed for this exercise but no decision will be made until the Pilot Plant Flow Sheet is finalised. This is expected in February, 2015. I can reveal that we are now attaining greater than 95% recovery of contained Scandium in our test programmes using Sulphuric Acid, and an additive, at Atmospheric Pressure. That result is better than the oft proposed but expensive and dangerous High Pressure Acid Leach process. Jervois has not yet ruled out the use of the Direct Nickel (DNi) Nitric Acid leach route. We like the process, especially for nickel/cobalt laterites, for which it was designed.

Also in NSW we have had success with exploring for Nickel and Cobalt in laterite north of Nyngan (Summervale). This mineralisation is potentially a better grade (often around the 1% level) than the previously discussed Young resource but smaller, thus far.

In January 2015 there will be a small program of infill drilling on this prospect.

In WA we reduced our Mineral Tenement holdings due to the obvious financial constraints. As a consequence, the Company retained only the Nalbarra Uranium prospect. Subject to the usual (for Uranium) submission of an appropriate environmental plan for the proposed drill site, exploratory drilling will commence shortly. The surface expression closely resembles Yeelirrie but requires follow-up drilling.

Much of our work in the area of Metallurgy has been detailed in our various reports and included in the Annual Report. We are presently conducting the quite extensive test work required for the generation of a scandium Flow Sheet at a well-known Australian Research Laboratory. The expenditure in this area is recoverable from AusIndustry grants. This year is no exception and we expect to shortly recover in excess of \$500,000. This is valuable Government assistance to Industry.

On 24th November, 2014 the Melbourne 'AGE' World Section reported that the Mexican Government had abruptly cancelled a \$4.3 Billion contract with a consortium led by China Railways Construction. Some shareholders might remember that another subsidiary, China Railways Resource Co. Limited was, briefly, our joint venture partner over the Young, NSW nickel/cobalt resource. The joint venture ended badly when our former partners demanded that, post GFC, Jervois should alter the contractual arrangements in favour of China Railways. Agreed terms and deadlines passed unfulfilled and the joint venture vanished into history. Some shareholders, and two dissident Directors, did not agree with the decision to let the joint venture end, thereby causing much angst at the time.

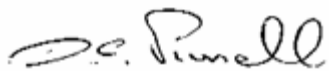
Meanwhile in Mexico City, the Mexican Public, upset at the murder and subsequent incineration of 43 student teachers and others by Government/Drug Cartel gangs, have now turned their attention to the above mentioned lucrative high speed rail

contract. The Mexican Government was forced to act and it did! Any contract corrupt enough to be unacceptable to the Government of Mexico, must have been colourful!

Jervois considers the Company fortunate not to be still involved with that group or any of its subsidiaries.

I will close by thanking all involved with the Company for their admirable efforts during the year.

Yours Sincerely,



Duncan Pursell
Managing Director