

Date: 27<sup>th</sup> November 2015

ASX Code: JRV

## Chairman's Address

Annual General Meeting 2015

This is the 51<sup>st</sup> year of continuous listing for Jervois Mining Limited on The Australian Stock Exchange, although not always under the same name: The Company started out as Jervois Sulphates (NT) NL.

Of late has been period of extreme challenge for mineral explorers and miners; Coal, Iron Ore and Base Metal prices have been plunging for two years or more, with no end in sight. A steadily weakening Australian Dollar has cushioned the impact somewhat, but many nickel, coal and iron ore mines have just faded away. This cushion effect has not, however, resulted in new mines emerging to re-employ those workers who were made redundant. Add to this the interminable delays with the huge Adani Coal mine proposed for Queensland, and this shows that, in the mining industry, not everything runs accordingly. Gold miners held on pretty well despite a fluctuating gold price. This shows that gold is one of the minerals that holds its worth.

This has been an exciting year for Jervois. The major event on the exploration side was the enhancement and enlargement of last year's Scandium discovery near Syerston/Fifield (known as Flemington, purely to distinguish the discovery from other, similar, resources in the area). These other resources are owned by CleanTeq and Platina.

The Jervois exploration team were allocated funds to establish a Measured Resource under the JORC Code. It is a matter of record that this work was spectacularly successful, as announced during the year. The compact nature of the Flemington discovery, as evidenced by the plan of drill hole collars (page 10 of the 51<sup>st</sup> Annual Report) helped keep drilling and other exploration costs to a minimum. The Flemington Measured find will be a tough and expensive act to follow, given the scattered nature of the other resources in the area. The scandium 'prize' was well worth the effort and some 3.0 million tonnes of Measured and Indicated Resource has been established at a grade of 434 ppm Scandium. This large resource is ready to mine if demand requires it. The total contained metal totals 1363 tonnes and the resource is open to the northeast and northwest with little overall reduction in width. Thus far, there is no believable sign of a 'take or pay' buyer for pure Scandia.

Full details of all this work was released to shareholders via the ASX during the year, in the usual way. Also refer to page 10 of the Annual Report for a summary of the findings.

## Metallurgical Treatment

Finding a resource in laterite is one thing, be it nickel, cobalt or scandium. All laterites are inherently difficult to treat – hence the Chinese simply 'direct smelt' imported laterites that must be otherwise marginal or un-economic.

In the Jervois case, the target product from the Scandium resource is in oxide form (Scandia). The less Nickel, Cobalt and Titanium in the resource the better, as these latter metals, when present in low grades, are contaminants and have to be removed.

The Jervois plan is to produce a Scandium Oxide concentrate, initially 99.7 % pure, and then refine it to 99.99% purity Scandium Oxide. At that purity there is no physical room for other elements, as contamination is not acceptable for uses such as in Fuel Cell manufacture. It is always worth keeping in mind that no Fuel Cell manufacturer has made a profit yet.

Jervois has tried and tested several options for the treatment of metalliferous laterites, including the High Pressure Acid Leach (HPAL) process. To date we have not yet identified an economically sustainable final treatment. HPAL worked reasonably well, but the scale formed inside the pressure vessel proved to be potentially toxic.

As a consequence we are now working on a radically different approach with our favoured testing facility in Melbourne. In some good news, an application for a supporting grant from AusIndustry was successful. Stage 1 of a two stage programme has begun, with the Company contributing \$50,000, augmented by \$ 40,000 from AusIndustry. This work should finish by end January 2016. Initial results have been successful and Stage 2 will begin with the objective of morphing the findings into a pilot operation. The work will have direct application to the treatment of all laterites, including scandium, nickel and cobalt. It is in shareholders' interests for the process details to be kept confidential.

## **Royalties**

The company owns a potentially valuable Gold production Royalty over the Bullabulling Gold resource, (3.8 Million oz), now owned by the Chinese mining giant Zijin Group. This new ownership has to be positive for future development. The Royalty is fixed at \$30.00 per oz for the first 400,000 oz and then \$20.00 per oz thereafter, without limitation. Zijin Group is wholly owned by PRC.

The Company also has a Royalty position over the Nyngan Scandium resource, an early Jervois discovery. The new owner, Scandium International (formerly EMC Inc.) is on record with positive statements on the status of its feasibility work. Of relevance to Jervois shareholders was the recently announced sale of a partial royalty over the Nyngan Scandium resource for USD 2.07 Million. This implies a huge value for the Jervois held Flemington Resource which is the largest and best grade Measured resource known.

The Company also has a Net Smelter Royalty of 1.5% over any copper/gold production from the ground at Forest Reefs near Cadia, NSW, which the Company formerly joint ventured with Newcrest.

## **New Acquisitions**

Recently, the Company acquired the exploration portfolio of Auzex Resources; now merged with Explaurum Limited. Over the past few years Jervois has followed the progress of these mining tenements, and, in particular, were keenly interested in the Khartoum Tin prospect on the tablelands behind Cairns, northern Queensland. Reinterpretation of the mineralisation – predominantly tin/tungsten - became available when the Board of Explaurum decided to concentrate on Gold production; the Tampia gold resource in the wheat belt West of Perth,

WA. Jervois succeeded in acquiring the non-gold assets of Auzex Resources by the payment of 11.1 Million Shortfall shares and thus acquired the Khartoum prospect.

Tin is one of the few metals that has held its price pretty well over the last two years. It trades steadily at between USD 14,000 and USD 15,000 per tonne. The gradual exhaustion of alluvial tin resources from Brazil and Indonesia is a factor affecting prices.

The Khartoum EPM's (Exploration Permits for Minerals) cover 190 units (or sub-blocks as they are termed in Queensland). They are:

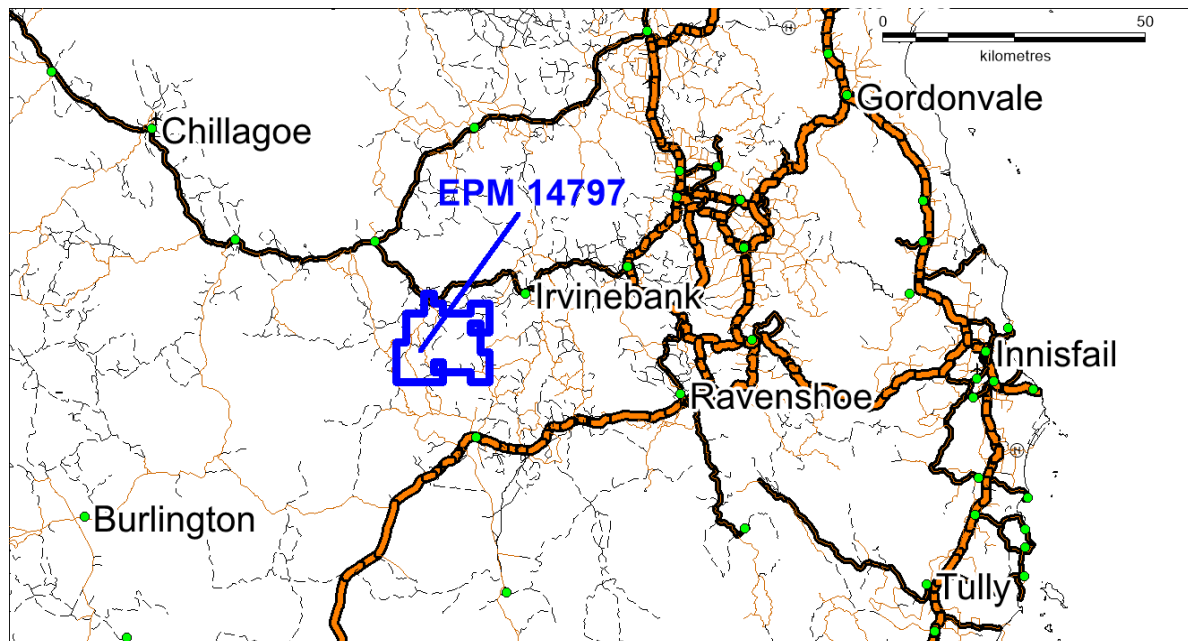
Khartoum, EPM 14797; Khartoum North, EPM 15570; Khartoum East, EPM 19112; Three Mile, EPM 19113, Mt Fairyland, EPM 19203; and Carbonate Creek, EPM 19114.

The mineralisation in these tenements is in pegmatites and a variety of granite-hosted veins and sulphides.

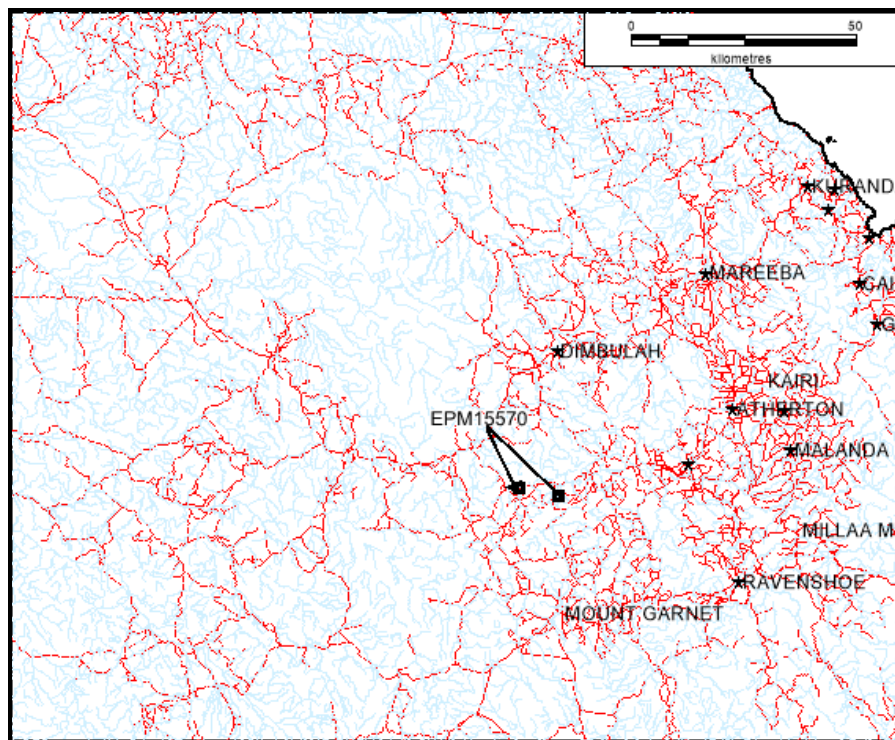
All tenements are located to the north or north west of Mount Garnet in North Queensland, about 105 kilometres south-west of Cairns and 350 kilometres north-west of Townsville. The permits cover all the geological variables of granite-hosted metal systems, including mineral occurrences of Au, Mo, Sn, W, Cu and Bi.

Exploration for the project has included prospectivity modelling, field prospecting, mapping and sampling, RC and diamond drilling, metallurgical test work, petrology, regional geological and structural studies, geophysical interpretations and reviews, as well as grade tonnage investigations. To date, most on-ground exploration has focused on EPM 14797 where a detailed 3D geological and prospectivity model has been completed based on scout drilling and ground prospecting in the area.

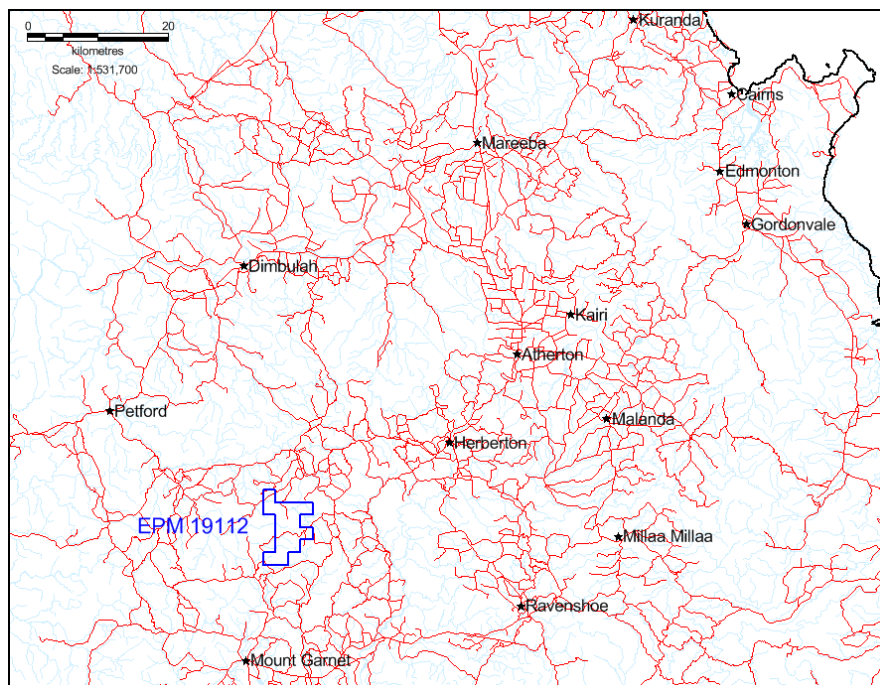
## **Khartoum EPM 14797**



## Khartoum North EPM 15570

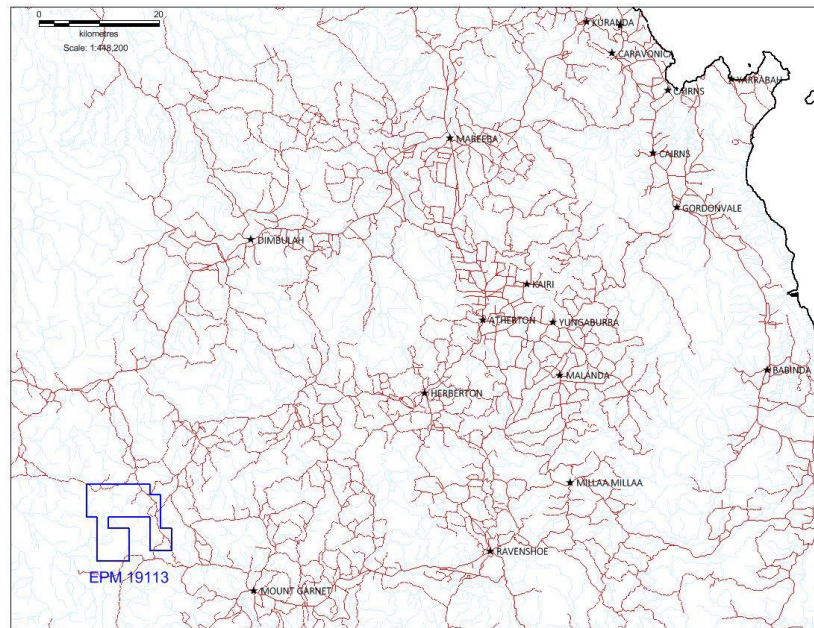


## Khartoum East EPM 19112

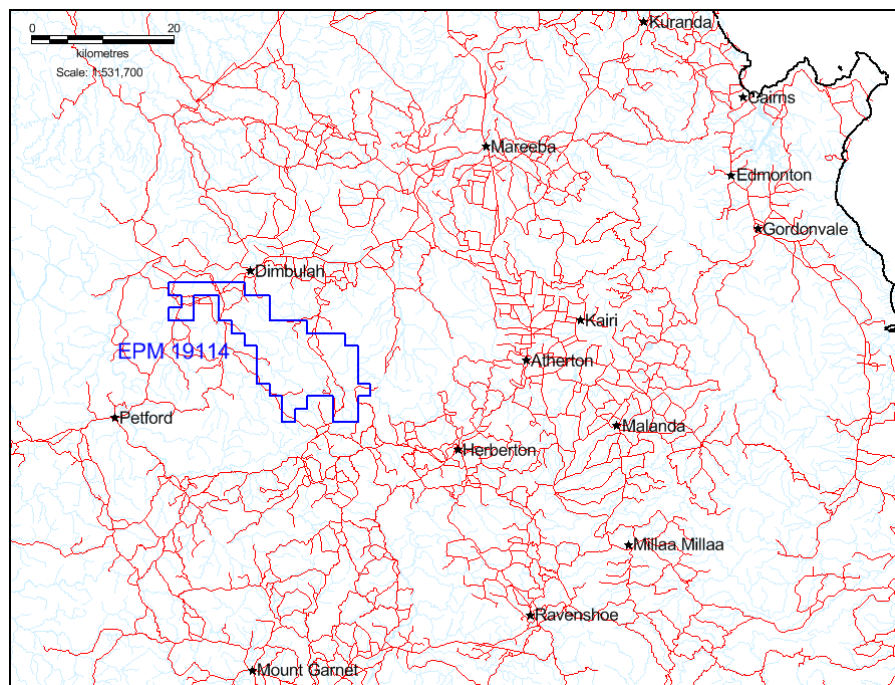




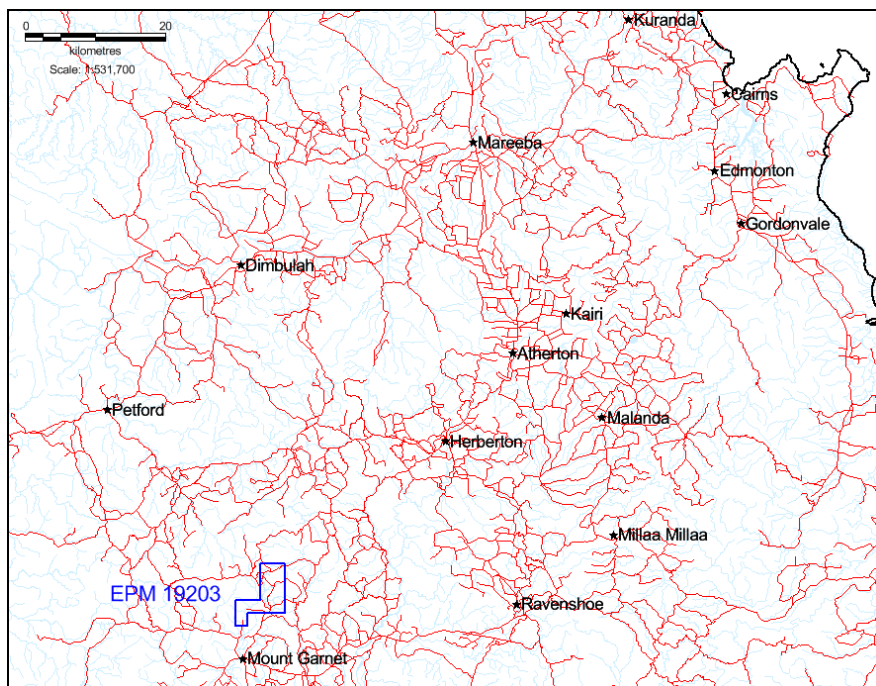
### Three Mile EPM 19113



### Carbonate Creek EPM 19114



## Mt Fairyland EPM 19203



On another level it is difficult to justify expenditure on the Company's nickel/cobalt in laterite resources, pending a real break through in treatment. This is an additional reason for the ongoing Scandium laterite test work in Melbourne.

Our search for exploration projects in Western Australia is continuing. The Company's latest acquisition is in the West Arunta situated near the Western Australian/Northern Territory Border, approximately 500 kilometers west of Alice Springs.

The project consists of 3 tenements: E80/4820 (40 graticular blocks, approximately 125 sq kilometers), ELA80/4987 (49 graticular blocks, approximately 154 sq kilometers) and ELA80/4986 (20 graticular blocks, approximately 63 sq kilometers), a total of 342 sq kilometers.

### **E80/4820 (granted)**

This tenement has two targets, the first is a magnetic and high gravity anomaly which indicates a rock type of magnetic minerals and high density. The second target is a gravity high coincident with a magnetic low. The latter could indicate mineralisation similar to the Olympic Dam Project which is rich in non-magnetic hematite and crystalline rock.

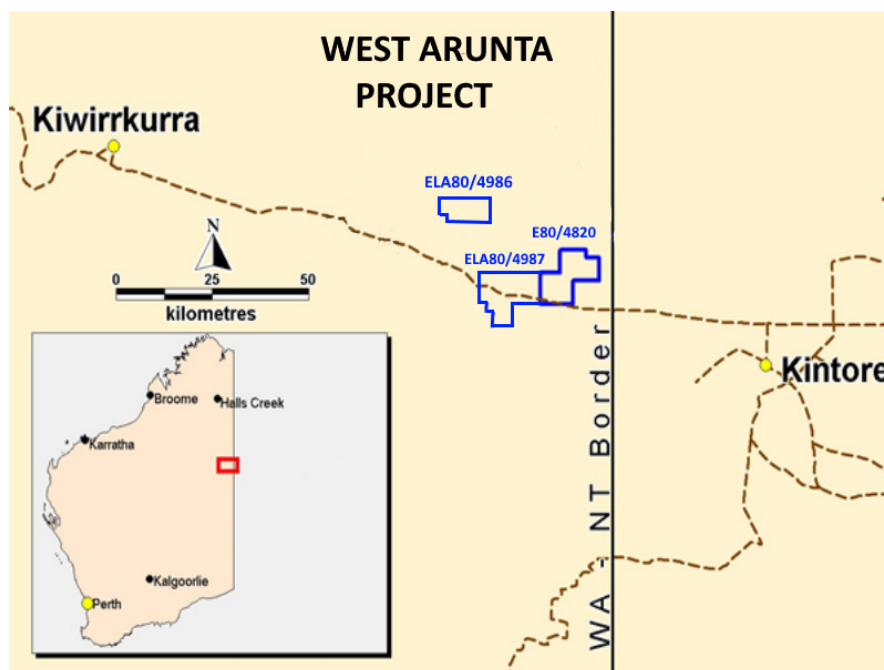
The tenement has been acquired from Ashburton Gold Mines NL (a wholly owned subsidiary of Platypus Minerals Ltd) for 2 million shortfall shares.

## **ELA80/4987 (pending)**

The aero magnetics over this tenement show cross cutting faults. Broadly spaced soil sampling by the Geological Survey of Western Australia has shown anomalous Sb, Cu and Zn.

## **ELA80/4986 (pending)**

The aero magnetics have indicated a discrete circular magnetic cluster which has potential to be a kimberlite cluster. BHP has discovered a large cluster of kimberlite intrusions 70 kilometers to the east north east of this tenement. A number of companies are exploring for diamonds in the areas where kimberlites are suspected

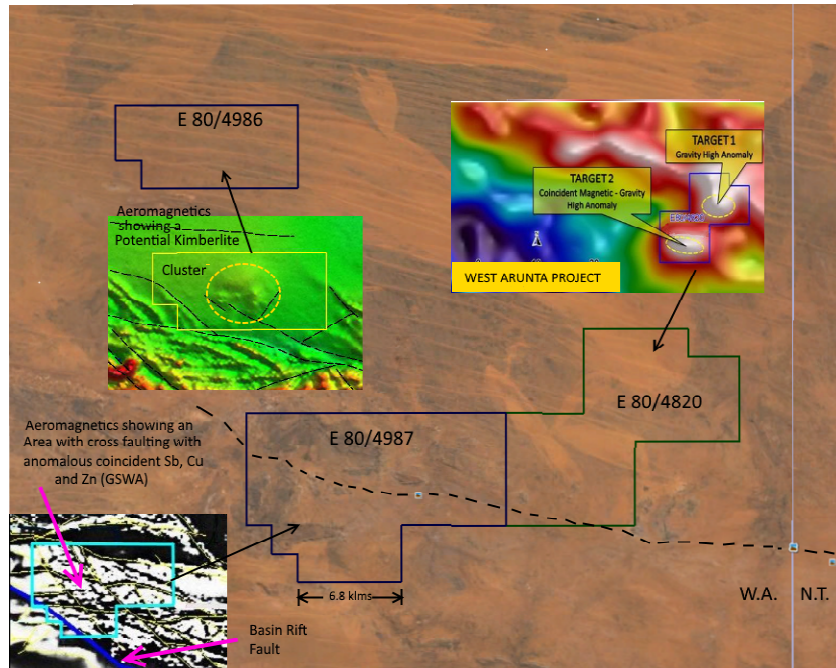


**Map showing the location of the West Arunta Project Area, Western Australia**

# Jervois



ABN 52 007 626 575



**Aerial photograph of the West Arunta project area with geophysics.**

## **Non-Renounceable Rights Issue**

This Issue at \$0.05 was completed on 26<sup>th</sup> August 2015. The issue took place against a backdrop of the worst two weeks of market trading conditions in living memory. This applied both within Australia and overseas. Under these circumstances the resultant application for 8,803,592 shares to raise \$440,179.60 was remarkable, especially in combination with the R&D refund from AusIndustry of \$722,172.00.

Thank you to all involved with the Company for their efforts during the year.

**Duncan Pursell**  
**Managing Director**