

JERVOIS MINING LIMITED

A.B.N. 52 007 626 575



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The Manager
Company Announcements
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ANNOUNCEMENT

DIAMOND EXPLORATION TARGETS IN WESTERN AUSTRALIA

In anticipation for the predicted world wide shortage of gem quality diamonds caused largely by a dearth of new discoveries, in December 2008, Jervois Mining applied for two exploration tenements in the Margaret River area of Western Australia. The tenements were selected on the advice of JRV Board member Professor Ken Collerson using a new model for diamond exploration.

An important aspect of Collerson's model is the role played by the African Superplume, a major upwelling that originates at a depth of about 2800 km immediately above the Earth's core. Kimberlite, one of the mantle melts that contain diamond and that are associated with this mantle plume, appear to have transported more than 70% of the world's diamonds. In fact, not only do these kimberlites occur in Africa and South America, but recent research has shown that 380 million years ago, the rich Russian diamond fields also lay over the African mantle anomaly.

From an Australian exploration perspective, when Australia was part of the Gondwana Supercontinent, SW Western Australia was also located over the African Superplume. In fact, the basalts in the Bunbury area are a manifestation of magmatism associated with this plume.

To test the exploration model, Dr Ken Collerson of Jervois Mining has recently obtained high quality mineral chemical data for heavy mineral concentrates from several localities in Southwest Western Australia, where Jervois Mining has applied for tenements. As well as containing kimberlitic zircon, two reconnaissance samples have also yielded a population of sodium-bearing almandine garnets derived from an eclogitic source. Pressures calculated from these chemical compositions indicate that the garnets formed at pressures of 6 to 7 GPa indicating a depth of origin of greater than 150 km. This is within the diamond stability field. These garnets are similar in composition to eclogitic garnets from the rich Orapa pipe in Botswana as well as to garnets from kimberlites in the Northern Territory.

This is an exciting result as some of the world's richest kimberlite pipes appear to have entrained eclogitic diamonds during eruption.

Importantly, a number of magnetic targets that resemble kimberlite pipes have been identified in the Jervois tenements and will be explored in detail in due course.

Cooperation Agreement with China Railway Resources

The Board wishes to inform shareholders of information which has recently come to light regarding the Cooperation Agreement which JRV was to enter with China Railway Resources (CRR) in 2008.

As shareholders are aware, in May 2008, JRV executed a Frame Agreement with CRR, regarding the cooperative development of the Young nickel laterite resource in New South Wales. Under the terms of the Frame Agreement, a formal Cooperation Agreement was to be signed by the parties by 31 October 2008. JRV maintains that it was, at all times, ready and willing to sign the Cooperation Agreement. The Cooperation Agreement did not proceed solely due to the unwillingness of CRR to execute the Cooperation Agreement by the designated date.

On 28 August 2009, Duncan Pursell and Roger Fairlam of JRV met with Yang Guanshan of CRR, together with their respective advisors. The meeting was convened at the request of CRR and JRV attended the meeting in good faith and in the spirit of open and honest communication to see if an outcome favourable to both parties could be reached.

During the meeting, Yang Guanshan claimed that the reason that CRR would not sign the Cooperation Agreement was because CRR could not get approval from its holding company and/or the Chinese Government. **This is the first time CRR has provided any reason for its failure to sign the Cooperation Agreement.**

JRV considers that this admission by CRR that the Cooperation Agreement did not proceed due to CRR's inability to obtain relevant approvals demonstrate that it was CRR which chose not to execute a Cooperation Agreement. This serves to completely disprove the allegations made by dissident shareholders and former directors against JRV, the board and individual directors that the collapse of the CRR deal was due to any fault of JRV or its board.

JRV now considers this issue closed and is focusing its attentions on existing and future projects which offer value to shareholders.

DUNCAN C. PURSELL
MANAGING DIRECTOR

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by D.C. Pursell (MAusIMM) and Prof. K. Collerson, (BSc [Hons], PhD, FGSA). D.C. Pursell and Prof. Collerson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. D.C. Pursell and Prof. Collerson consent to the inclusion.