

# JERVOIS MINING LIMITED

A.B.N. 52 007 626 575



29 April, 2008.

The Manager,  
Company Announcements,  
ASX  
Level 10,  
20 Bond St.,  
Sydney N.S.W. 2000

## **QUARTERLY REPORT TO 31 MARCH 2008**

### **Bullabulling Gold Mine – W.A.**

- **Mining Leases 15/282, 483, 503, 529, 554, and 1414**
- **Exploration Licence 15/841, Prospecting Licences 15/4660 – 4822**

The Company's Leases straddle the Great Eastern Highway at Bullabulling just west of Coolgardie W.A. During the quarter, gold production was affected by electrical problems affecting the pumps used to pump cyanide solution to the heap leach and also a build up of scale on the carbon. Experts are assessing the chemistry involved and in the meantime an extra carbon column was added to the circuit with immediate beneficial effect. It is planned to add an extra 100,000 tonnes of higher grade ore to the heap leach within the next 4 weeks.

Gold production for the quarter was 399 fine ozs sold for \$405,629 - an average sale price of \$1,017 per fine oz. The sale price per oz for the previous quarter was \$872.60.

### **Bullabulling South, W.A.**

**Prospecting Licences 15/4742 – 4748 and 15/4798 – 4799**

**Prospecting Licence 15/4887**

***New Age Exploration Limited earning 60% equity over 3 years.***

A scoping study for the hydrogeologic survey of the Bullabulling South project has been completed in the quarter. It is planned that the survey be completed in the next quarter. The survey will be used to test water samples in the project area for a suite of elements including anomalous nickel, gold and base metals.

**Uranium Exploration Joint Venture – W.A.**  
**Nalbarra Exploration Licence E59/1264**  
**Lake Barlee West – Exploration Licences 77/1332 – 3**  
**Lake Giles Exploration Licence 77/1345**

**Nalbarra Project E59/1264**

No work was done on this tenement as a number of W.A. Departments are still considering approval for drilling. These include the Department of Industry and Resources, the Department of Aboriginal Affairs, the Department of Consumer and Employment Protection and the Environmental Protection Authority. At this stage, we are expecting approvals for drilling by the end of June 2008, but with staff shortages in some of the Departments this may take longer. We are in constant communication with the Departments to facilitate the progress of the approvals.

**Barlee Project E77/1333 & E77/1332**

Approvals for the drilling program are also awaited by the same government departments as above, plus further approval to disturb environmentally sensitive areas. At this stage approval to drill is expected in the same time frame as the Nalbarra Project.

**Lake Giles Project E77/1345**

This tenement also has outstanding approvals waiting before the drilling program can commence.

**Nickel/Cobalt in Laterite Project**  
**Young, N.S.W.**  
**Exploration Licences 5527, 5571 and 5152**

As foreshadowed in the Quarterly Report to 31 December, 2007 in-fill drilling was carried out, mostly near the Ardnaree resource. The work was still in progress at the end of March, 2008. There were delays due to wet weather. For the quarter 34 air core drill holes were completed for a cumulative 636 metres. Intervals of interest were routinely sampled and sent for assay.

Assay laboratories in Australia are extremely busy and delays in assay results are anticipated. The main objective of the drilling was to recover sample for metallurgical test-work.

The Young nickel laterite resource, despite being well located, suffers from being relatively low grade with little potential for any physical upgrade (e.g. Screening to remove siliceous low grade). To attract a strong joint venture partner, the size and consequent long life of any mine developed becomes the determining factor. As shareholders are aware, finding a partner has been a long slow process and requires that, in addition, the company gives metallurgical sample to various overseas groups to test for themselves.

**Joint Venture Partner**

As reported on previously, the Company is negotiating with several Chinese groups and a nickel miner based in the Philippines. These matters are ongoing and any successful conclusion will be reported to ASX promptly as required.

## **Ongoing Metallurgical Testwork**

Leaching of nickel/cobalt laterites using hydrochloric acid (HCl) in magnesium chloride brine is known to be effective with excellent recoveries (i.e. greater than 90%) for both nickel and cobalt. A disadvantage is the cost of hydrochloric acid and the amount of acid necessary to dissolve the nickel bearing minerals to release nickel. As a consequence the re-generation of the hydrochloric acid is an essential step.

A low cost solution to the Young chloride leach iron hydrolysis and acid recovery step is continuing to prove more challenging and complex than anticipated, despite ongoing independent test work by CSIRO Perth and others. No short term solution is in sight, although significant interest remains in achieving a breakthrough in this key processing step. Continuing long term research in this field would be required if Jervois wishes to continue to pursue this particular chloride leach technology.

Metallurgical testwork reports received during the quarter included reports by the following four research and/or testing organisations: CSIRO Minerals Clayton on mineralogy of Gilgai scandium ore and smelter slag; Outotec Oy Finland on Young nickel laterite mineralogy and chloride leach process laboratory tests (4 ore types); CSIRO Minerals Perth on Young chloride leach liquor hydrolysis investigations; CSIRO Minerals Clayton on Gilgai scandium scoping pretreatment and leach tests; and Metcon Laboratories Brookvale on Gilgai sulphuric acid bake pretreatment, Gilgai smelter slag chloride leaching and Young laterite leaching.

Laboratory tests by Metcon during the quarter included evaporation tests to provide additional feed solutions for further chloride leach hydrolysis tests at Metcon and CSIRO Perth. In addition a wide range of bake and sulphuric acid pretreatment tests were also carried out by Metcon to define a potentially low cost sulphate leach option for treatment of both Gilgai scandium and Young nickel laterites. Extensive laboratory scoping tests by CSIRO Clayton on additional bake and sulphate leach pretreatment options for Gilgai scandium laterite also produced encouraging results.

Additional chloride leach lixiviant options will be evaluated by Metcon at the laboratory scale in case one or more options might simplify the current ferric chloride hydrolysis step for the Young nickel resource. The recent sulphate bake pretreatment option will also continue to be actively evaluated in further laboratory tests as a potentially nearer term process development option for treatment of Gilgai scandium and Young nickel limonite resources.

### **Outotec Oy – Also hydrochloric acid leach**

Following the receipt of a report on preliminary laboratory leach tests conducted on the four Young ore types by Outotec Oy, a meeting was held with Outotec in Sydney to consider testwork results and preliminary costing of an optional alternative chloride leach process developed by Outotec. The Outotec process avoids the need for ferric chloride hydrolysis but uses internally generated caustic soda for metal recovery. Unfortunately, despite very high nickel and cobalt recoveries, economics were found to be less attractive than desired for the Jervois Young resource. Economics might be improved through production and sale of individual iron, aluminum and magnesium hydroxide by-products, but this possibility requires further assessment.

Outotec Oy plan to further refine the Outotec laterite leach process at their own cost.

**Nyngan N.S.W.**  
**Exploration Licence 6009**  
**Scandium Deposit**

There is evidence that demand for this metal would grow quickly if a reliable supply was available at reasonable cost. Future fuel cell components and aerospace applications appear the most likely market. The Nyngan deposit is quite rich and on 31 March, 2008 a preliminary open pit was designed to a 30 metre depth. This would yield 138,676 tonnes of limonite ore at 365.6 g/t scandium and 210,347 tonnes at 344.9 g/t scandium. The ore/waste ratio would be 1 to 2.

A process has been evolved which yields about 95% of the contained scandium. The process is being refined. Details cannot be released to protect shareholders and the Company's interests.

**Forest Reefs Joint Venture N.S.W.**  
**Exploration Licence 46250**

Newcrest Operations Limited (NOL) 80%  
 Jervois Mining Limited 20%

For the quarter ended 31 April, 2008, NOL have reported as follows :-

**Drilling**

All assay results for cored hole FRNC016, completed in November 2007, were received in January 2008.

Hole	East MGA	North MGA	RL ASL	Dip	Az (MGA)	Total Depth
FRNC016	692213	6296128	925	55°	238°	774.2

A summary of the best gold results is listed below.

**FRNC016 Summary Intersections**

From	To	Interval	Au-ppm*	Cu-ppm
146	148	2	1.1	272
320	350	30	0.20	295
362	366	4	0.40	193
390	394	4	0.26	178
458	468	10	0.19	187
506	514	8	0.17	657
532	536	4	0.16	298
710	734	24	0.11	438

\*Cut off used: Intervals of 4 m or greater with >0.10 g/t Au

The lithologies intersected in the hole consist of Forest Reefs volcanoclastics with monzodiorites intrusives towards the bottom of the hole. Alteration is dominated by propylitic chlorite-epidote-

hematite dusting and minor magnetite. Regular narrow quartz-pyrite structural zones are common and some are slightly anomalous in gold.

Expenditure during the last quarter was \$84,684 and excludes any management fee.

Expenditure on Exploration for the quarter was \$150,538.

By Order of the Board

A handwritten signature in black ink, appearing to read "D. Pursell".

Duncan Pursell  
Managing Director