

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

CORPORATE DIRECTORY

Board of Directors

D.C. Pursell (Managing Director)
M.J. Leydin
M.L. Jansen
R.M. Campbell

Company Secretary

M.J. Leydin

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Share Registry

Computershare Investor Services Pty Ltd
452 Johnson Street
ABBOTTSFORD VIC 3067
Telephone: (03) 9415 5000

Bankers

ANZ Bank Limited
388 Collins Street
MELBOURNE VIC 3000

Auditor

Ian D. Riley
Chartered Accountants
3 Raglan Street
SOUTH MELBOURNE VIC 3205

Home Stock Exchange

Adelaide

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REVIEW OF OPERATIONS

Nickel/Cobalt Laterite – Young, NSW

This resource is by far the Company's major potential asset and the Company has been seeking a major partner for the ultimate development of this project. On 30 May 2008, a 'Frame' agreement was signed with the China Railway Group Limited, Resource Development Branch and Yunnan Jiaming Technology and Industry Company. This is to be followed by a formal Cooperation/Development Agreement to be signed on or before 31 October 2008. All subject to approval by Chinese and Australian Regulatory bodies.

The company's China agent, Double Link Pty Ltd, participated in the negotiations which led to the various parties signing the agreement. The proposed 'Demonstration Plant' at or near Ardnaree, north of Young, is regarded as a very important initiative in that it aims to produce 3000 tonnes of contained nickel per annum and over 300 tonnes of contained cobalt over a two year period.

Nickel/Cobalt Laterite – Nyngan, NSW

On 4 September 2007, some interesting drill hole assays were reported, and as a consequence, an application has been made to increase the size of the tenement by 50 square kilometres.

Scandium Laterite – Nyngan, NSW

A selection of promising processes are now available for this metallurgically difficult and refractory resource. The land on which the resource lies has been purchased. Buying interest for 99.9% scandium oxide seems genuine, although no detailed discussions have taken place on current sales prices. Demand for scandium oxide is anticipated to rapidly expand, especially in the manufacture of fuel cell components.

Gold Production - Bullabulling, WA

Gold production for the year was 1865 fine ounces sold for \$1,753,018. This represents a 35% increase in sales from the previous year but still loss-making. Since acquisition in 2002 when gold was A\$16 per gram, the 400,000 ounces unmined resource has certainly increased in value and could interest any group with a treatment plant to move into the area.

Bullabulling South, WA

A scoping study for a hydrogeologic survey is planned and some scout drilling of geochemical anomalies has been done.

Forest Reefs Joint Venture, NSW

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

Following some encouragement at depth last year from a one hole programme, a deeper diamond drill was scheduled for August 2008. Jervois will participate fully in this programme by funding its 20% share of costs.

URANIUM EXPLORATION

Nalbarra, Lake Barlee West and Lake Giles, WA

Exploration work has been suspended pending various necessary approvals being processed. A change in West Australian government following recent elections might lead to a more open policy on uranium mining development.

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MANAGING DIRECTORS REPORT

NICKEL/COBALT IN LATERITE PROJECT, Young, NSW

Exploration Licences 5527, 5571 and 5152

On 30 May 2008, Jervois Mining Limited (ASX: JRV) entered into a Frame Agreement for the cooperative development of the Young nickel laterite resource in NSW, Australia.

Jervois Mining Limited has agreed to the project development deal with the China Railway Group Limited (www.crec.cn), Resource Development Branch; a company registered in Beijing China (China Railway Resource) and Yunnan Jiaming Technology and Industry Company, a company registered in Kunming, Yunnan, China (Jiaming).

Under the terms of the Agreement:

- Due diligence and feasibility studies by China Railway Resource/Jiaming must be completed with Board approvals by 31 October, 2008;
- A formal Cooperation/Development Agreement satisfactory to all three parties must be entered into prior to 31 October, 2008 [The frame agreement will terminate automatically if a formal Cooperation Agreement cannot be signed within this time frame];
- The Agreement is subject to approvals from the Chinese Government and the Australian Government including under the Foreign Acquisitions and Takeover Act 1975 (CTH);
- A joint venture company, Nico Young Pty Ltd, was established to which the parties will make the following contributions – JRV will contribute its 3 (three) Exploration Licences (EL's 5152, 5527 and 5571), China Railway Resource will contribute the funding and Jiaming will contribute the authority to use, at no cost, its patented and non-patented technology for recovery of nickel and cobalt. China Railway Resource/Jiaming may earn 70% of the joint venture company with JRV retaining 30%;
- The Board of the new joint venture company will comprise 4 (four) representatives from China Railway Resource/Jiaming and 2 (two) representatives from JRV. A representative of China Railways Resource will be Chairman of the company;
- JRV will be reimbursed ultimately US\$3.0 million as compensation for exploration license expenditure, of which US\$1.0 million has already been paid as an advance payment within 21 working days of the signing of the Frame Agreement;
- China Railway Resource/Jiaming will invest AUD\$45 million in one payment directly into the joint venture company to fund and build a plant at Young to produce 3,000 tonnes of contained nickel metal and 300 tonnes of contained cobalt, annually;
- Within 10 (ten) working days after the formal Cooperation Agreement becomes effective, China Railway Resource/Jiaming will be issued with 19.9% of the then total issued capital in JRV at 2 cents (\$0.02) per share. Initially only 50% of the 19.9% shares issued to China Railway Resource/Jiaming will be voting shares. A further 30% of the 19.9% shares issued to China Railway Resource/Jiaming will attract voting power when the pilot plant is operating. The remaining 20% of the 19.9% shares issued to China Railway Resource/Jiaming will likewise be voting shares following any decision to expand production to 50,000 tonnes of nickel metal per annum;
- China Railway Resource/Jiaming will be entitled to appoint one director to the Board of JRV;
- Following any decision to expand production to at least 50,000 tonnes of contained nickel metal – per annum – the three parties will each raise their pro-rata share of the funding (i.e. JRV 30%) or JRV can elect to drop down to 20%, at which stage China Railway Resource/Jiaming will fund the entire development expansion between them without further contribution from JRV;

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MANAGING DIRECTORS REPORT (CONT'D)

- China Railway Resource/Jiaming has been given a priority entitlement to participate in any other JRV projects. JRV will receive preference from the China Railway Resource/Jiaming for any future investment in Australia;
- The negotiation of the Frame Agreement is regarded as an important initiative for JRV and has the full support of the Board. Shareholders will be advised further in due course;
- **The above agreement requires all three parties to expedite, where possible, the formal Cooperation/Development Agreement satisfactory to all these parties. This is in progress.**

Exploration Drilling at Ardnaree (Young) Ni/Co Laterite N.S.W.

In-fill drilling was carried out during the March and June Quarters. In total 53 holes were completed for a cumulative 2284 metres mostly in or near the Ardnaree resources. The programme was interrupted by wet weather but was finally completed.

Intervals of interest were sampled and sent for assay. The main objective of the drilling was to recover sample for metallurgical work in China and in Australia.

Some of the early assay results are tabulated below:-

SIGNIFICANT INTERSECTIONS							
MARCH/APRIL 2008 - YOUNG, NSW							
Hole Number	Northing m MGA	Easting m MGA	From (m)	To (m)	Width (m)	Nickel %	Cobalt %
YA327	6220560.67	599485.63	12	39	27	0.90	0.056
YA328	6220511.86	599781.17	25	30	5	0.63	0.0706
YA329	6215689.33	596981.69	6	8	2	0.83	0.0175
YA330	6215704.09	596891.62	6	19	13	1.06	0.0700
YA331	6215721.37	596793.66	10	16	6	0.86	0.0220
YA341	6214892.36	596856.33	5	10	5	1.04	0.1764
and			16	29	13	1.10	0.0521
YA344	6214508.99	596691.26	0	11	11	1.19	0.0179
YA345	6214492.34	596789.20	4	13	9	0.87	0.0570
YA346	6214475.18	596886.63	3	5	2	0.87	0.0270
YA350	6213723.50	596543.85	27	34	8	0.94	0.0823
YA353	6213713.21	596633.73	22	30	8	0.94	0.0570
YA355	6212939.39	596408.64	19	22	3	0.64	0.0530
YA357	6212186.55	596063.61	12	17	5	0.66	0.0334
YA358	6212154.77	596259.73	7	11	4	0.49	0.1485
and			13	20	7	0.80	0.0286
YA359	6212121.71	596455.62	7	11	4	0.74	0.1360
and			14	16	2	0.78	0.0273

Ongoing Metallurgical Testwork

Process Options

As part of its continuing research and development program to identify the most appropriate treatment process for Young Ni/Co laterite and Gilgai Sc laterite, Jervois continues to assess alternative treatment options. In addition to the base case of acid chloride agitation leaching in a hot magnesium chloride brine, other options investigated have included:

- direct smelting, to produce a matte (Mintek Johannesburg techno-economic studies and Xstrata Falconbridge lab testwork)

MANAGING DIRECTORS REPORT (CONT'D)

- an alternative acid chloride agitation leach process using a hot sodium chloride brine, selective Ni/Co hydroxide recovery by sodium hydroxide precipitation and with HCl and NaOH recycle via the chlor-alkali process (Outotec Finland lab testwork and techno-economic study)
- an acid chloride leach process with an alternative chloride salt (Metcon Sydney lab testwork)
- sulphuric acid pretreatment and salt bake options (Metcon Sydney and CSIRO Melbourne)
- varying hydrolysis conditions for hydrochloric acid recovery and recycle and by-product metal disposal from pregnant chloride leach liquors (Metcon Sydney and CSIRO Perth lab testwork)
- technical reviews of any new publications on alternative chloride leach processes such as the recently reported Anglo American ARNi process

Further background and brief details on some of the more important areas of flowsheet development, lab testwork and process reports are provided below.

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. However, recent developments suggest a breakthrough may be in sight in this key processing step. Further lab scale and future mini-plant testing are being considered to allow Jervois to continue to pursue this particular chloride leach technology.

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

Nickel/Cobalt Laterite Testwork – Young, NSW

Outotec Alternative Chloride Leach Process

On 27 July 2007, the Company signed an agreement with Outotec Oy (formerly Outokumpu) to cover testwork to be carried out in Finland. The work proposed a novel variation of the chloride leach chemistry which Jervois has been testing for several years. Four samples of the various resource types (viz limonite, saprolite and weathered serpentine) were tested. Nickel and cobalt recoveries averaged greater than 96%.

The Outotec variation of chloride leach chemistry used hydrochloric acid in a sodium chloride brine and has been successfully applied to the treatment of copper sulphide concentrates in the Outotec Hydro Copper Process.

On completion of the work, a brief examination of CAPEX and OPEX by Outotec indicated that further work on the process was necessary. Outotec further proposed that this work would be done internally. We await the outcome which should be later in 2008.

MANAGING DIRECTORS REPORT (CONT'D)

Possible Smelting of Young Laterite

Some shareholders would be aware that China started to import relatively low grade nickel laterite (1.3% nickel) to enable spare smelting capacity to be utilised to yield much needed nickel units in the form of nickel pig-iron (or 'pig' nickel). This resolved a short-term shortage but there were environmental consequences.

At the 2007 China International Nickel and Cobalt Industry Forum in Ningbo (eastern China), delegates were advised that production of nickel pig-iron could reach about 95,000 tonnes of contained nickel for 2007. Environmental controls imposed in August in China are expected to curtail this activity and this should ultimately benefit the Young project.

In response to this event and to the extraordinary rise in the nickel price, it was decided to explore the possibilities of ferro-nickel production. To advance this work, the company retained Mintek, South Africa, an acknowledged leader in the field of electric arc furnaces. A report was received in February 2007 and as a consequence, Xstrata (formerly Falconbridge) Canada were retained to carry out 9 preliminary ferro-nickel lab-scale smelting tests. The results were very encouraging and are probably the most significant advance so far to bring the Young nickel laterite into economic production. There is a disadvantage in this approach in that the cobalt values get lost and in fact might even attract a penalty. Despite this, shareholders should realise that the direct smelting route is now a viable and competitive alternative to the chloride acid leach route.

Anglo Research Nickel/Cobalt Laterite Chloride Leach Process

Anglo Research made the first commercial disclosure of its closed circuit ARNi process in a paper presented at the SME Hydrometallurgy 2008 Symposium in Phoenix, Arizona, in August 2008 ("Atmospheric Leach Process for Nickel Laterite Ores, J.D.T Steyl, M. Pelsler and J.T. Smit, Anglo Research, Johannesburg, South Africa").

The ARNi process is a hot atmospheric mixed magnesium chloride-sulphate brine agitation leaching process for sequential or mixed treatment of high-iron limonite and high-magnesium saprolite nickel laterites. Results of an integrated continuous mini-plant campaign were reported.

The use of a magnesium chloride brine in the ARNi process is broadly similar to the magnesium chloride brine leach process being evaluated by Jervois with the assistance of Canadian Process Consultant Dr Bryn Harris of NeoFerric Technologies. However, rather than attempting to recover and recycle strong HCl by ferric chloride hydrolysis, as Jervois has been attempting, the ARNi process primarily uses strong H₂SO₄ addition to precipitate kieserite salt (MgSO₄H₂O) from a high strength MgCl₂ brine solution.

The high strength brine solution is produced by evaporation of the residual magnesium chloride solution that remains after mixed Ni/Co hydroxide precipitation from the pregnant leach solution. The pregnant leach solution is produced from a two stage leach process and recycled MgO is used as the precipitation agent of the mixed hydroxide. The kieserite salt is thermally decomposed to form both MgO for recycle and/or disposal and SO₂ which is converted to sulphuric acid for re-use in the process. The paper on the ARNi process reported 95% Ni and Co recovery from limonite (hydrrous iron oxide) containing 50% Fe and typically 0.8-1.5% Ni. It also reported 90% Ni recovery from a neutralisation stage on saprolite (hydrrous magnesium silicate) containing 15% Mg and 1.5-3.0% Ni. Overall equivalent acid consumption was reported as 1125 kg H₂SO₄/t limonite feed solids (750 kg/t including 50% as SO₂(g) for atmospheric leach of limonite, 375 kg/t for magnesium sulphate removal by 25% MgCl₂ conversion and no additional acid for primary neutralisation with saprolite). All acid and MgO usage was produced through internal regenerative recycle streams. Saprolite to limonite feed ratio was 1:1 for the above recoveries and acid consumptions.

Jervois intends to evaluate the ARNi process more closely to determine whether it may have potential relevance as a possible alternative chloride leach process option for treatment of low grade Ni/Co Young laterites.

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MANAGING DIRECTORS REPORT (CONT'D)

FOREST REEFS COPPER/GOLD PROSPECT, NSW

Exploration Licence 4620

(Joint ventured with Newcrest Operations Limited (NOL) 80% and Jervois Mining (JRV) 20%)
A cored drill hole FRN016 was drilled in the south western corner of EL4620 to a total depth of 774.2 metres. No significant zones of mineralisation were intersected or seen. Subsequent assays confirmed the observations. There was some encouragement at depth and a deeper diamond drill hole was scheduled for late August 2008.

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 monzodiorite 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 content.

NEW AGE EXPLORATION LTD – JOINT VENTURE (New Age earning 60%)

Bullabulling South, WA – Gold & Base Metals

Prospecting Licences 15/4742-48

Prospecting Licences 15/4798-99

A scoping study for a hydrogeologic survey of the Bullabulling South project has been completed. The survey will test water in various boreholes for a suite of elements. Any anomalous values will be followed up. A programme of scout drilling to test to geochemical anomalies is planned for August-September 2008.

Uranium Exploration

Nalbarra Exploration Licence E59/1264

Lake Barlee West Exploration Licences 77/1332-3

Lake Giles Exploration Licence 77/1345

Work on these tenements has been suspended as a number of WA Departments are considering approval for drilling. These include the Department of Industry and Resources, the Department of Aboriginal Affairs, the Department of Consumer Protection and the Environmental Protection Authority. Approvals are expected but with staff shortages in some Departments, it could take some time. We are in constant communication with the Departments in an attempt to facilitate the progress of the approvals.

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MANAGING DIRECTORS REPORT (CONT'D)

NYNGAN, NSW

Exploration Licences 6009, 6095 and 6096

Gilgai (Scandium Resource)

Resource Statement

Category	Tonnes	Grade (ppm Scandium)
Measured	2,718,000	274
Indicated	9,294,000	258
Total	12,012,000	261

During the year, the Company has been assessing various processes with a view to the economic extraction of scandium oxide from this quite often refractory and metallurgically difficult resource. A selection of promising processes are now evident and a decision on the leaching step of the first scandium production process is imminent. In the meantime, the land on which the resource lies has been purchased and a small open pit has been designed to extract, over a period, 305,062 tonnes at a grade of 350.4 g/t overburden/ore ratio 1.8/1.

The Company will shortly commence the approvals process necessary to allow us to mine and treat this resource. The plant will be designed to initially produce 10 tonnes/annum of scandium oxide at 99.9% purity. Interest in scandium oxide supply from the various end-users contacted by the Company seems genuine, with fuel cell components as the main target market. Actual annual consumption of scandium oxide seems to vary widely depending on where the information is sourced. End-users seem to agree that a stable source and supply of good quality product is the key to building demand worldwide. The size and grade of the Gilgai scandium resource is a significant factor. Detailed discussions on potential scandium oxide sales price, reported recently to be of the order of US\$1400/kg Sc₂O₃ for 99.9% purity, have yet to be initiated.

Nyngan – ‘Westlynn’ (Ni/Co Resource)

Further drilling has been completed on the ‘Westlynn’ licence (EL6009). Assay results prompted an application to extend this licence to the North; (ELA3578) ‘Summervale’ (20 units approximately 50 km²). Previous drilling gave an Indicated Resource of 16 million tonnes at 0.83% nickel and 0.06% cobalt. This resource was estimated by a former explorer. Significant intervals from the latest drilling are tabled below.

SIGNIFICANT INTERSECTIONS							
AUGUST 2008 – WESTLYNN, NSW							
Hole Number	Northing m MGA	Easting m MGA	From (m)	To (m)	Width (m)	Nickel %	Cobalt ppm
NA 126	6513807.1	504501.1	45	56	11	0.74	520
including			49	51	3	0.91	820
NA 127	6513805.1	504798.6	36	50	14	1.17	705
including			37	45	8	1.39	1100
			38	42	4	1.55	1520

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MANAGING DIRECTORS REPORT (CONT'D)

BULLABULLING GOLD MINE, WA

Mining Leases 15/282, 483, 503, 529, 554 and 1414

Exploration Licence 15/158

Prospecting Licences 15/4660-4662

Gold Production

For the 2007-2008 financial year, 1714 fine ounces of gold were produced and sold for \$1,753,018.. This represents a 5% increase in production from the previous year but a 35% increase in sales from the previous year. This heap leach operation traded at a loss and the sharply rising cost of diesel fuel hurt the operation. All mining operations have ceased but gold continues to be leached from the heap. Calcium and iron coatings on the carbon in the columns caused problems but were resolved in the June quarter.

Gold Production	Ounces	Revenue \$
September Quarter	200	159,593
December Quarter	732	636,467
March Quarter	399	405,629
June Quarter	534	551,329
TOTAL	1,865	1,753,018

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr D Pursell MAusIMM. Mr D Pursell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr D Pursell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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SCHEDULE OF MINING AND EXPLORATION TENEMENTS AS AT 30 JUNE 2008

<u>Locality</u>	<u>Tenement</u>	<u>Equity</u>
Bullabulling, W.A.	Mining Lease 15/282	100%
	Mining Lease 15/483	100%
	Mining Lease 15/503	100%
	Mining Lease 15/529	100%
	Mining Lease 15/554	100%
	Mining Lease 15/1414	100%
	Exploration Licence 15/841	100%
	Prospecting Licence 15/4660	100%
	Prospecting Licence 15/4661	100%
	Prospecting Licence 15/4662	100%
Forest Reefs, N.S.W.	Exploration Licence 4620	20% (Newcrest Operations Ltd 80%)
Nyngan, N.S.W.	Exploration Licence 6009	100%
	Exploration Licence 6095	100%
	Exploration Licence 6096	100%
Young, N.S.W.	Exploration Licence 5527	100%
	Exploration Licence 5571	100%
	Exploration Licence 5152	100%
New Age JV	(New Age Exploration Ltd earning up to 60%)	
Bullabulling South, W.A.	Prospecting Licence 15/4742	100%
	Prospecting Licence 15/4743	100%
	Prospecting Licence 15/4744	100%
	Prospecting Licence 15/4745	100%
	Prospecting Licence 15/4746	100%
	Prospecting Licence 15/4747	100%
	Prospecting Licence 15/4748	100%
	Prospecting Licence 15/4798	100%
	Prospecting Licence 15/4799	100%
Uranium Licences		
Nalbarra, W.A.	Exploration Licence 59/1264	100%
West Barlee, W.A.	Exploration Licence 77/1332	100%
	Exploration Licence 77/1333	100%
	Exploration Licence App 59/1257	100%
	Exploration Licence App 77/1440	100%
	Exploration Licence App 77/1441	100%
	Exploration Licence 77/1345	100%
Lake Giles, W.A.		

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DIRECTORS' REPORT

Your Directors herewith present their report on the Company and its controlled entities for the financial year ended 30th June 2008.

DIRECTORS

At the date of this report, the Directors in office, together with particulars of their qualifications, experience and special responsibility are:

Mr Duncan Pursell	Managing Director
Qualifications	BSc, MAusIMM
Experience	Board member since 1987. Mr. Pursell is a mining engineer with more than forty-nine years experience. After graduating from Glasgow University he worked in West Africa before moving to Australia in the sixties.
Directorships in listed entities	Nil
Interests in shares	50,466,004 shares
Interests in options	Nil
Dr Malcolm Jansen	Non Executive Director (appointed 31 July 2008)
Qualifications	BE, PhD (Chem Eng), FAusIMM, CPMet, MMICA
Experience	Mr. Jansen is a metallurgical consultant, a director of International Project Development Services and has been involved with Jervois Mining for nearly 10 years. He has over 40 years experience in mining, metallurgical and chemical industries covering R&D, operations, marketing and consulting within small to large scale mining, engineering and consulting organisation in both Australia and internationally.
Directorships in listed entities	Nil
Interest in Shares	Nil
Interests in options	20,000,000 options exercisable at \$0.02 by 1 September 2010
Mr Richard Campbell	Non Executive Director (appointed 31 July 2008)
Qualifications	LL.B., BA., Grad Dip Tax'n
Experience	Mr. Campbell is a director of Peninsula Capital Management and of China funds specialist Double Link Australia Group. After graduating in Law and Arts, Mr. Campbell was a European correspondent for AAP-Reuters and later joined Coles Myer as Manager, Investors Relations. Before co-founding Peninsula Capital, he was a securities dealer with Potter Warburg and subsequently Bell Potter.
Directorships in listed entities	Nil

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DIRECTORS' REPORT (CONT'D)

Ms Melanie Leydin	Non Executive Director and Company Secretary
Qualifications	CA
Experience	Board member since 2006. Company secretary since 2003
	Ms Leydin was appointed as a director on 21 July 2006. Ms Leydin is a principal of Chartered Accounting firm, Leydin Freyer Corporate Pty Ltd and has over 16 years experience in the accounting profession, specialising in the mining industry.
Directorships in listed entities	Nil
Interests in shares - Directly	1,160,000 shares
Interests in options	Nil
Mr Anthony Jannink	Executive Director (resigned 19 September 2007)
Qualifications	MA, FAusIMM
Experience	Board member since 1987.
	Mr. Jannink is a geologist and proprietor of a geological consulting firm. After graduating from Cambridge he has gained forty one years of experience working in Australia.
Mr Garrick Higgins	Non-Executive Director (resigned 31 July 2008)
Qualifications	B.Juris, LLB
Experience	Board member since 2004.
	Mr Higgins has over 24 years experience in the legal profession and is currently a partner of a legal firm in Melbourne.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the remuneration report of this Directors Report on pages 15 to 18

OPTIONS

At the date of this report, there are 50,000,000 unissued ordinary shares under option.

Item	Number	Issue Price of Shares	Expiry Date
Unlisted Options	50,000,000	2 cents	1 September 2010

During the year no options were issued, and 156,498,225 options were exercised. At 30 June 2008 50,000,000 options were on issue.

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

DIRECTORS' REPORT (CONT'D)

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the year were gold production and mineral exploration.

There were no significant changes in the nature of these activities during the year except for:

- The Company raised \$1,564,983 through the exercise of 156,498,225 options.
- The Company raised \$1,300,000 via a placement of 100,000,000 shares at \$0.013.
- The Company incorporated a new subsidiary Nico Young Pty Ltd.

OPERATING RESULTS

The consolidated operating loss after income tax for the financial year ended 30 June 2008 was a loss of \$2,598,174 (2007 – loss of \$2,452,312).

REVIEW OF OPERATIONS

The Company's Review of Operations is preceding this Director's Report.

REVIEW OF FINANCIAL POSITION

The net assets of the consolidated entity have increased by \$195,309 from 30 June 2007 to \$10,296,296. The major movements were:

- (i) Capital raisings – as detailed above
- (ii) Capitalisation of exploration expenditure of \$1,041,318
- (iii) Expenditure on research and development of \$484,848.

The consolidated entity's working capital, being current assets less current liabilities is \$4,221,972 in 2008 compared with \$5,753,087 in 2007.

The cash has decreased during the year as the Company has expended on exploration, mining and research and development. The trade and other payables have increased due to the refundable deposit of \$1,000,000 received from China Rail Limited.

During the year the company successfully raised \$2,793,483 (after costs) by way of placements and exercise of options.

The Directors believe the Company is in a strong and stable position to expand and grow its current operations.

FUTURE DEVELOPMENTS

Likely developments in the operations of the economic entity and the expected results of those operations in subsequent financial years are included in the Managing Director's Report. In the opinion of the Directors any further information would prejudice the interest of the economic entity.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance, other than that referred to in Note 25, that has arisen since the end of the financial year, that has significantly, affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future financial years.

DIVIDENDS

The Directors do not propose to recommend payment of a dividend. No dividends have been paid or declared by the Company since the end of the previous financial year.

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

DIRECTORS' REPORT (CONT'D)

ENVIRONMENTAL REGULATIONS

The economic entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the licence and all directions given to it under those terms of the licence.

There have been no known breaches of the entity's licence conditions.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the court under Section 327 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings in which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any proceedings during the year.

MEETINGS OF DIRECTORS

There were 7 meetings of the Company's Directors, 2 meetings of the audit committee and 1 meeting of the remuneration committee held during the year ended 30th June 2008. The number of meetings attended by each Director are as follows:

Director	DIRECTOR MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	Eligible to attend	Attended by Directors	Eligible to attend	Attended by Directors	Eligible to attend	Attended by Directors
Duncan Pursell	7	7	-	-	-	-
Anthony Jannink(1)	1	1	-	-	-	-
Roger Fairlam (2)	-	-	-	-	-	-
Garrick Higgins(3)	7	7	2	2	1	1
Melanie Leydin	7	7	2	2	1	1
Malcolm Jansen (4)	-	-	-	-	-	-
Richard Campbell(5)	-	-	-	-	-	-

(1) Mr Jannink resigned as a Director on 19 September 2007

(2) Mr Fairlam resigned as a Director on 21 July 2007.

(3) Mr Higgins resigned as a Director on 31 July 2008

(4) Dr Jansen was appointed as Director on 25 July 2008

(5) Mr Campbell was appointed as Director on 29 July 2008

INDEMNIFICATION OF OFFICERS OR AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such as director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

NON AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Ian D Riley.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s307C of the Corporations Act 2001 in relation to the audit of the full year is included on page 19.

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

REMUNERATION REPORT (AUDITED)

The board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

Remuneration Philosophy

The remuneration philosophy of the consolidated entity has been designed to align Director and Executive objectives with shareholder and business objectives by providing both a fixed and variable remuneration component and offering long-term incentives based on key performance areas. The Board 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 consolidated entity, as well as create goal congruence between Directors, Executives and shareholders.

Executive Director Remuneration

In determining the level and make-up of executive remuneration, the Remuneration Committees negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Remuneration Committees may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as appropriate.

All Executives are eligible to receive a base salary (which is based on factors such as experience and comparable industry information), fringe benefits, options, and performance incentives. The Remuneration Committees reviews the Managing Directors remuneration package, and the Managing Director reviews the senior Executives' remuneration packages, annually by reference to the consolidated entity's performance, Executive performance and comparable information within the industry.

The performance of Executives is measured against criteria agreed annually with each Executive and is based predominantly on the overall success of the consolidated entity in achieving its broader corporate goals. Bonuses and incentives are linked to predetermined performance criteria. The Remuneration Committees may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can require changes to the Managing Director's recommendations. This policy is designed to attract the highest caliber of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives and Directors receive a superannuation guarantee contribution, which is currently 9%, and do not receive any other retirement benefits (except salary sacrifice superannuation which is at the discretion of the employee).

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

Non-Executive Director Remuneration

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act at the time of the Directors retirement or termination. Non-Executive Directors remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

REMUNERATION REPORT (AUDITED) (CONT'D)

Performance Based Remuneration

As part of each Executive's remuneration package there is a performance-based component. This is based on the Executive meeting their responsibilities under the annual Business Plan related to the financial performance, exploration, mining operations and regulatory requirements to commercialise the consolidated entity's assets. The measurement of the consolidated entity's performance is achieved via periodic board assessments of the consolidated entity's progress through its business plan, and by reference to its financial position. An individual member of staff's performance assessment is done by reference to their contribution to the consolidated entity's overall achievements. The intention of this program is to facilitate goal congruence between Executives with that of the business and shareholders. Generally, the Executive's performance-based remuneration is tied to the consolidated entity's successful achievement of certain key milestones as they relate to its operating activities, as well as the consolidated entity's overall financial position. Further information has not been disclosed as it is commercially confidential.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2008:

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004*
Revenue	2,255,101	1,496,131	658,239	1,377,560	901,326
Net profit/(loss) before tax	(2,598,174)	(2,452,312)	(3,264,008)	(3,010,166)	(1,758,535)
Net profit/(loss) after tax	(2,598,174)	(2,452,312)	(3,264,008)	(3,010,166)	(1,758,535)
Share price at start of year	\$0.03	\$0.02	\$0.01	\$0.01	\$0.02
Share price at end of year	\$0.04	\$0.03	\$0.02	\$0.01	\$0.01
Basic earnings/(loss) per share	(0.13)cps	(0.20)cps	(0.34)cps	(0.42)cps	(0.40)cps
Diluted earnings/(loss) per share	(0.13)cps	(0.18)cps	(0.34)cps	(0.42)cps	(0.34)cps

*Jervois Mining Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with Jervois Mining Limited's previous accounting policies as permitted under Australian Accounting standards as applicable at that time.

Key Management Personnel Compensation

The Key Management Personnel of Jervois Mining Limited during the year were:

Mr D Pursell	Managing Director
Mr A Jannink	Executive Director (resigned 19 September 2007)
Mr G Higgins	Non-Executive Director (resigned 31 July 2008)
Ms M Leydin	Non-Executive Director and Company Secretary
Dr M Jansen	Non-Executive Director (appointed 31 July 2008)
Mr R Campbell	Non-Executive Director (appointed 31 July 2008)

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

REMUNERATION REPORT (AUDITED) (CONT'D)

The aggregate compensation of the directors and senior management of the consolidated entity and the company is set out below:

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employment benefits	267,900	323,095	267,900	323,095
Post-employment benefits	100,000	-	100,000	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	367,900	323,095	367,900	323,095

Refer to Remuneration Report contained within the Directors' Report for details on Key Management Personnel remuneration.

Details of Remuneration for Year Ended 30 June 2008

The remuneration for each director and each executive officer of the consolidated entity receiving the highest remuneration during the year was as follows:

	Note	Salary, Fees and Commissions	Superannuation Contribution	Non-cash Benefits	Options	Total
		\$	\$	\$	\$	\$
Directors						
Mr D Pursell		150,000	100,000	-	-	250,000
Mr A Jannink	(i)	30,000	-	-	-	30,000
Mr G Higgins	(ii)	12,000	-	-	-	12,000
Ms M Leydin	(iii)	75,900	-	-	-	75,900
		267,900	100,000	-	-	367,900

(i) Fees paid to Douglas McKenna & Partners of which Mr Jannink is a director

(ii) Fees paid to TressCox of which Mr Higgins is a principal

(iii) Fees paid to Leydin Freyer Corporate of which Ms Leydin is a director.

Details of Remuneration for Year Ended 30 June 2007

The remuneration for each director and each of the five executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Note	Salary, Fees and Commissions	Superannuation Contribution	Non-cash Benefits	Options	Total
		\$	\$	\$	\$	\$
Directors						
Mr D Pursell	(i)	120,000	-	-	-	120,000
Mr A Jannink	(ii)	120,000	-	-	-	120,000
Mr R Fairlam	(iii)	10,000	-	-	-	10,000
Mr G Higgins	(iv)	12,000	-	-	-	12,000
Ms M Leydin	(v)	61,095	-	-	-	61,095
		323,095	-	-	-	323,095

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

REMUNERATION REPORT (AUDITED) (CONT'D)

- (i) Fees paid to Wilmaka Pty Ltd of which Mr Pursell is a director
- (ii) Fees paid to Douglas McKenna & Partners of which Mr Jannink is a director
- (iii) Fees paid to Sujil Pty Ltd of which Mr Fairlam is a director
- (iv) Fees paid to TressCox of which Mr Higgins is a principal
- (v) Fees paid to Leydin Freyer Corporate of which Ms Leydin is a director.

Options Issued as Part of Remuneration for the Year Ended 30 June 2007 and 30 June 2008

There were no options issued as part of remuneration during the years ended 30 June 2007 and 30 June 2008.

Shares issued as Part of Remuneration for the Year Ended 30 June 2007 and 30 June 2008

There were no shares issued as part of remuneration for the years ended 30 June 2007 and 30 June 2008.

Employment contracts

There are no employment contracts in place for any Directors or Senior Management.

Signed in accordance with a resolution of the Director's made pursuant to *s298(2) of the Corporations Act 2001*.

On behalf of the Board



D.C. PURSELL,
Managing Director

29 September 2008

**JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575**

**IAN D RILEY
Chartered Accountant**

ABN 86 673 257 016
55 Ashes Bridge Road TALLAROOK VIC 3659

29 September 2008

The Directors
Jervois Mining Limited
Level 20
114 William Street
MELBOURNE VIC 3000

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

As engagement partner for the audit of the financial report of Jervois Mining Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jervois Mining Limited and the entities it controlled during the year



Ian D Riley
Principal
Chartered Accountant

**JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575**

IAN D RILEY
Chartered Accountant

ABN 86 673 257 016
55 Ashes Bridge Road TALLAROOK VIC 3659

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JERVOIS MINING LIMITED
FOR THE YEAR ENDED 30 JUNE 2008**

Report on the Financial Report

I have audited the accompanying financial report of Jervois Mining Limited ("Jervois") which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a statement of significant accounting policies and other explanatory notes and the directors' declaration for both Jervois Mining Limited and the consolidated entity. The consolidated entity comprises Jervois Mining Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Jervois are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standard. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In my opinion:

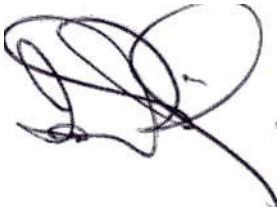
- (a) the financial report of Jervois Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated and parent entity's financial reports also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

I have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditors Opinion

In my opinion the Remuneration report of Jervois Mining Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



IAN D RILEY
Chartered Accountant

29 September 2008
Melbourne

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

DIRECTORS' DECLARATION

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the remuneration report, the attached financial statements and notes thereto, are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- c) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Duncan C Pursell
Managing Director

MELBOURNE, 29 September 2008

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	2	2,255,101	1,496,131	2,255,101	1,496,131
Cost of Sales		<u>(3,321,532)</u>	<u>(2,862,971)</u>	<u>(3,321,532)</u>	<u>(2,862,971)</u>
Gross Profit		(1,066,431)	(1,366,840)	(1,066,431)	(1,366,840)
Corporate costs		(578,970)	(407,659)	(578,970)	(407,659)
Employment costs		(399,264)	(212,352)	(399,264)	(212,352)
Occupancy costs		(131,718)	(117,608)	(131,718)	(117,608)
Depreciation	3	(246,906)	(219,172)	(246,906)	(219,172)
Exploration expenditure written off	3	(17,613)	(31,564)	(17,613)	(31,564)
Fair value losses	3	(67,051)	(23,000)	(67,051)	(23,000)
Loss on sale of investment	3	(2,561)	-	(2,561)	-
Other expenses from ordinary activities		<u>(87,660)</u>	<u>(74,117)</u>	<u>(87,660)</u>	<u>(74,117)</u>
Operating loss before income tax		(2,598,174)	(2,452,312)	(2,598,174)	(2,452,312)
Income tax expense	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the year		<u>(2,598,174)</u>	<u>(2,452,312)</u>	<u>(2,598,174)</u>	<u>(2,452,312)</u>
			Cents per Share		Cents per Share
Earnings per share					
Basic Earnings per share	21	(0.13)	(0.20)		
Diluted Earnings per share	21	(0.13)	(0.18)		

The accompanying notes form an integral part of these financial statements

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	19	4,389,856	5,245,749	4,389,856	5,245,749
Trade and other receivables	7	809,635	854,484	809,635	854,484
Financial assets	8	248,035	162,110	248,035	162,110
Inventories	9	901,797	313,799	901,797	313,799
Total Current Assets		6,349,323	6,576,142	6,349,323	6,576,142
Non-Current Assets					
Property, plant and equipment	10	1,128,998	908,087	1,128,998	908,087
Other non-current assets	11	4,713,517	3,689,813	4,713,517	3,689,813
Intangible assets	12	484,848	-	484,848	-
Total Non-Current Assets		6,327,363	4,597,900	6,327,363	4,597,900
Total Assets		12,676,686	11,174,042	12,676,686	11,174,042
Current Liabilities					
Trade and other payables	13	2,103,363	823,055	2,103,363	823,055
Provisions	14	23,988	-	23,988	-
Total Current Liabilities		2,127,351	823,055	2,127,351	823,055
Non-Current Liabilities					
Provisions	14	253,039	250,000	253,039	250,000
Total Non-Current Liabilities		253,039	250,000	253,039	250,000
Total Liabilities		2,380,390	1,073,055	2,380,390	1,073,055
Net Assets		10,296,296	10,100,987	10,296,296	10,100,987
Equity					
Issued capital	15	43,470,609	40,677,126	43,470,609	40,677,126
Reserves	16	1,370,444	1,370,444	1,370,444	1,370,444
Accumulated losses		(34,544,757)	(31,946,583)	(34,544,757)	(31,946,583)
Total Equity		10,296,296	10,100,987	10,296,296	10,100,987

The accompanying notes form an integral part of these financial statements

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

CONSOLIDATED	Issued Capital Note 15	Retained Earnings	Capital Profits Reserve Note 16	General Reserve Note 16	Option Reserve Note 16	Total
At 1 July 2006	32,112,620	(29,494,271)	909,907	120,537	340,000	3,988,793
Loss for the year (A)	-	(2,452,312)	-	-	-	(2,452,312)
Exercise of options	3,127,895	-	-	-	-	3,127,895
Issue of Shares	5,554,391	-	-	-	-	5,554,391
Costs of Share issue	(117,780)	-	-	-	-	(117,780)
At 30 June 2007	40,677,126	(31,946,583)	909,907	120,537	340,000	10,100,987

CONSOLIDATED	Issued Capital Note 15	Retained Earnings	Capital Profits Reserve Note 16	General Reserve Note 16	Option Reserve Note 16	Total
At 1 July 2007	40,677,126	(31,946,583)	909,907	120,537	340,000	10,100,987
Loss for the year (A)	-	(2,598,174)	-	-	-	(2,598,174)
Exercise of options	1,564,983	-	-	-	-	1,564,983
Issue of Shares	1,300,000	-	-	-	-	1,300,000
Costs of Share issue	(71,500)	-	-	-	-	(71,500)
At 30 June 2008	43,470,609	(34,544,757)	909,907	120,537	340,000	10,296,297

PARENT	Issued Capital Note 15	Retained Earnings	Capital Profits Reserve Note 16	General Reserve Note 16	Option Reserve Note 16	Total
At 1 July 2006	32,112,620	(29,494,271)	909,907	120,537	340,000	3,988,793
Loss for the year (A)	-	(2,452,312)	-	-	-	(2,452,312)
Exercise of options	3,127,895	-	-	-	-	3,127,895
Issue of Shares	5,554,391	-	-	-	-	5,554,391
Costs of Share issue	(117,780)	-	-	-	-	(117,780)
At 30 June 2007	40,677,126	(31,946,583)	909,907	120,537	340,000	10,100,987

PARENT	Issued Capital Note 15	Retained Earnings	Capital Profits Reserve Note 16	General Reserve Note 16	Option Reserve Note 16	Total
At 1 July 2007	40,677,126	(31,946,583)	909,907	120,537	340,000	10,100,987
Loss for the year (A)	-	(2,598,174)	-	-	-	(2,598,174)
Exercise of options	1,564,983	-	-	-	-	1,564,983
Issue of Shares	1,300,000	-	-	-	-	1,300,000
Costs of Share issue	(71,500)	-	-	-	-	(71,500)
At 30 June 2008	43,470,609	(34,544,757)	909,907	120,537	340,000	10,296,297

(A) Loss for the period equals total recognised income and expenses for the period

The accompanying notes form an integral part of these financial statements

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
ABN 52 007 626 575

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash Flows From Operating Activities					
Receipts from customers		1,943,865	1,330,052	1,943,865	1,330,052
Interest received		333,536	164,122	333,536	164,122
Payments to suppliers and employees		(5,014,656)	(3,733,955)	(5,014,656)	(3,733,955)
Net cash used in operating activities	19(b)	(2,737,255)	(2,239,781)	(2,737,255)	(2,239,781)
Cash Flows From Investing Activities					
Payments for property, plant and equipment		(470,375)	(174,321)	(470,375)	(174,321)
Payment for investments		(152,976)	(185,110)	(152,976)	(185,110)
Proceeds from refundable deposits		1,036,249	-	1,036,249	-
Payment for exploration activities		(1,041,318)	(1,083,559)	(1,041,318)	(1,083,559)
Payment for research and development	12	(484,848)	-	(484,848)	-
Proceeds from contribution to exploration activities		201,147	218,763	201,147	218,763
Net cash used in investing activities		(912,121)	(1,224,227)	(912,121)	(1,224,227)
Cash Flows From Financing Activities					
Proceeds from the issue of shares (net)		2,793,483	8,468,506	2,793,483	8,468,506
Net cash provided by financing activities		2,793,483	8,468,506	2,793,483	8,468,506
Net Increase (Decrease) in Cash Held					
Cash and cash equivalents at the Beginning of the Financial Year		5,245,749	241,251	5,245,749	241,251
Cash and cash equivalents at the End of the Financial Year	19(a)	4,389,856	5,245,749	4,389,856	5,245,749

The accompanying notes form an integral part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Jervois Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 29 September 2008

Basis of preparation

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The Company has also adopted the following standards as listed below which impacted on the Company's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'
- AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'
- AASB 2007-7 'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128] and Erratum: Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]

Significant accounting policies

The following significant accounting policies set out below have been applied in the preparation and presentation of the financial report:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Jervois Mining Limited and its subsidiaries as at 30 June each year ("the Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Jervois Mining Limited has control.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at date of acquisition.

(c) Financial instruments issued by the company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(e) Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) Exploration Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to [development].

(h) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate method for debt instruments other than those financial assets at 'fair value through profit and loss'

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(i) Joint Venture assets

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other ventures) and the Group's share of expenses incurred by or in respect of each joint venture.

(j) Share-Based Payments

Equity-settled share-based payments with employees and other providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in the Remuneration Report.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

(k) Employment Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their normal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(l) 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.

Property

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are carried in the balance sheet at fair values, less and subsequent accumulated depreciation and subsequent accumulated 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 that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Depreciation

The depreciable amount of all fixed assets including building and capitalized lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation
Plant and equipment	40%

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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(m) Intangibles

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(n) Leases

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 recognized as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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(p) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(q) Standards and Interpretations issued not yet effective

Except for the amendments to AASB 7 Financial Instruments: Disclosures, which the Company has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2008.

These are outlined in the following table

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 107, AASB 119, AASB 127, AASB 134, AASB136 & AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 Operating Segments.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. It is not expected to have a significant impact on the segment disclosures made as currently reported segments are aligned with management reports.	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 8	Operating Segments	This new standard will replace AASB 114 Segment Reporting and adoption of management approach to Segment Reporting	1 January 2009	Refer to AASB 2007-3 above	1 July 2009
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2008-1	Amendments to AASB 2 "Share Based Payments"	<p>The amendment clarifies that vesting conditions are restricted to:</p> <ul style="list-style-type: none"> - service conditions; and - Performance conditions only. <p>Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards.</p> <p>This means that all other terms and conditions are accounted for in the value of the share or option at grant date.</p> <p>It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.</p>	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 2008- 2	Amendments to AASB 132 "Puttable Financial Instruments and Obligations arising on Liquidation."	In instances where a puttable financial instrument imposes an obligation on the entity to deliver to another party, a pro-rata share of net assets of the entity only on liquidation, the entity is permitted to classify the financial instrument as equity if the instrument meets specified requirements.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 2008-3	Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107].	Consequential amendments to other standards arising from AASB 39 (Revised) and AASB 127 (Amended).	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB 123 Borrowing Costs (Revised)	AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 & 12.	This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The transitional provision provided allows for prospective application of this revision from either application date or adoption date if prior to 1 January 2009. The Amending Standard eliminates reference to the expensing option in various other pronouncements.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 3 Business Combinations (Revised)	AASB 127 Consolidated and Separate Financial Statements (Amended), AASB 2008-3 Amendments to AASBs arising from AASB 3 and AASB 127	The AASB issued the revised AASB 3 in March 2008 for application by for-profit entities only. They have committed to address the not-for-profit requirements prior to the standard becoming mandatory on 1 July 2009. Early adoption of these revisions and amendments are permitted. The revised and amended standards incorporate many changes which will have a significant impact on the profit and loss for entities entering into business combinations.	1 July 2009	Not expected to impact on the Group financial report	1 July 2009
AASB 101 Presentation of Financial Statements (Revised September 2007)	AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101	The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers must make use in financial reports of the descriptions-Statement of Financial Performance and Position rather than Balance Sheet and Income Statement and use the term "financial report" and not "financial statement". The Amending Standard updates references in various other pronouncements.	1 January 2009	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements.	1 January 2009
AASB 8 Operating Segments	AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8.	This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB. This standard only applies to entities that have public accountability therefore any entities that do not fall within scope may wish to early adopt and avoid segment reporting. The Amending Standard updates references in various other pronouncements.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. It is not expected to have a significant impact on the segment disclosures made as currently reported segments are aligned with management reports.	1 January 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
Revised AASB 3: Business Combinations	Amended AASB 127: Consolidated and Separate Financial Statements and AASB 2008-3: Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127.	<p>Provides a choice to measure a non-controlling interest at fair value or at its proportionate share of the acquired entity's net assets. Measuring the non-controlling interest at fair value will result in goodwill attributable to the non-controlling interest being reflected in the balance sheet.</p> <p>If a liability is recognised in the balance sheet for a payment that is contingent on a future event, the obligation will be measured at fair value at the acquisition date, and any subsequent changes to the fair value may be reflected in the income statement, rather than against goodwill on the balance sheet.</p> <p>The revised standard also addresses problems that existed under the old requirements. The requirements for acquisitions made over a period of time in a target entity are simplified in the revised standard, and guidance is included to assist entities in determining which transactions form part of a business acquisition.</p> <p>Revisions may result in merger and acquisition activity having a high impact on profit and loss in some entities.</p> <p>Early adoption is only permitted for "For Profit" entities.</p>	1 July 2009	Not expected to impact on the Group financial report.	1 July 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
Interpretation 12 Service Concessions Arrangements	Interpretation 4 Determining whether an Arrangement contains a lease (Revised), Interpretation 129 Service Concession Arrangements: Disclosure (Revised), AASB 2007-2 Amendments to Australian Standards arising from AASB Interpretation 12	Addresses the appropriate accounting for service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities.	1 January 2008	As the Group does not currently have Service Concession Arrangements the Interpretation will have no impact.	1 January 2008
Interpretation 13	Customer Loyalty Programmes	Concludes that an entity shall account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the award credits and the other components of the sale.	1 July 2008	As the Group does not currently have a Customer Loyalty Programme the Interpretation will have no impact.	1 July 2008
Interpretation 14 AASB 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	Concludes that an entity shall determine the availability of a refund or a reduction in future contributions in accordance with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.	1 January 2008	As the Group does not have any Defined Benefit Assets the Interpretation will have no impact.	1 January 2008
Interpretation 15	Agreements for the Construction of Real Estate.	Provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of AASB111 Construction Contracts or AASB 118 Revenue and, accordingly, when revenue from the construction should be recognised.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
Interpretation 16	Hedges of a Net Investment in a Foreign Operation.	<p>Concludes that:</p> <p>a) the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.</p> <p>b) the hedging instrument(s) may be held by any entity or entities within the group.</p> <p>That on disposal of a hedged foreign operation while IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 must be applied in respect of the hedged item.</p>	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009
AASB139 Financial Instruments: Recognition and Measurement	Amendments to AASB 139 "Financial Instruments: Recognition and Measurement"	<p>The amendment clarifies how, the principles that determine whether a hedged risk or portion of cash flows is eligible for designation, should be applied in particular situations.</p> <p>The amendment addresses two particular situations:</p> <ul style="list-style-type: none"> • the designation of a one-sided risk in a hedged item • the designation of inflation in particular situations 	1 July 2009	Not expected to impact on the Group financial report.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038].	The amendments are part of the Annual Improvements Project and have ramifications across the requirements of several AASB standards.	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5].	These are further amendments arising from the Annual Improvements Project and specifically impact AASB1 and AASB5.	1 July 2009	Not expected to impact on the Group financial report.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136].	<p>This Standard:</p> <p>a) amends AASB 1 to allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. The deemed cost of such an investment can be either its:</p> <p style="margin-left: 20px;">i. fair value (determined in accordance with AASB 139 Financial Instruments: Recognition and Measurement) at the entity's date of transition to Australian-equivalents-to-IFRSs; or</p> <p style="margin-left: 20px;">ii. previous GAAP carrying amount at that date.</p> <p>A first-time adopter may choose either deemed cost option to measure its investment in each subsidiary, jointly controlled entity or associate that it elects to measure using a deemed cost;</p> <p>b) removes from AASB 118 the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate. Therefore, all dividends from a subsidiary, jointly controlled entity or associate are recognised by the</p>	1 January 2009	Not expected to impact on the Group financial report.	1 January 2009

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	investor as income;		
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
		<p>c) amends AASB 127 to require, in particular circumstances, a new parent entity established in a group reorganisation to measure the cost of its investment at the carrying amount of the share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. The relevant circumstances include that the reorganisation involves:</p> <ul style="list-style-type: none"> i. the new parent obtaining control of the original parent through an exchange of equity instruments; ii. no change to the group's assets and liabilities; and a) no change to the owners' absolute and relative interests in the net assets; and <p>amends AASB 136 to include recognising a dividend from a subsidiary, jointly controlled entity or associate, together with other evidence, as an indication that the investment in the subsidiary, jointly controlled entity or associate may be impaired.</p>			

* designates the beginning of the applicable annual reporting period

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

Key Estimates

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimates – impairment

No impairment has been recognised in respect of exploration expenditure or research and development for the current year ended 30 June 2008.

Key Judgments – tax losses

The Company has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 \$	2007 \$	2008 \$	2007 \$
2. REVENUE FROM ORDINARY ACTIVITIES				
(a) Revenue from operating activities				
Gold Sales	1,753,018	1,300,719	1,753,018	1,300,719
	<u>1,753,018</u>	<u>1,300,719</u>	<u>1,753,018</u>	<u>1,300,719</u>
(b) Revenue from non-operating activities				
Rent received	43,607	6,811	43,607	6,811
Interest received	338,895	165,479	338,895	165,479
Other Income	119,581	23,122	119,581	23,122
	<u>502,083</u>	<u>195,412</u>	<u>502,083</u>	<u>195,412</u>
Total Revenue	<u>2,255,101</u>	<u>1,496,131</u>	<u>2,255,101</u>	<u>1,496,131</u>
3. LOSS FROM OPERATIONS				
Loss before income tax has been arrived at after crediting/ (charging) the following gains and losses from continuing operations:				
Depreciation – property, plant & equipment	246,906	219,172	246,906	219,172
Operating Lease Expense	109,217	111,255	109,217	111,255
Fair Value Losses	67,051	23,000	67,051	23,000
Exploration expenditure written off	17,613	31,564	17,613	31,564
Loss on sale of fixed assets	2,561	-	2,561	-
Employee provisions	27,027	-	27,027	-
Gain on sale of investment	7,595	-	7,595	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
4. INCOME TAX				
(a) The Components of Tax Expense comprise:				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
	-	-	-	-
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Loss from Ordinary Activities	(2,598,174)	(2,452,312)	(2,598,174)	(2,452,312)
Income tax expense/(benefit) calculated at 30%	(779,452)	(735,693)	(779,452)	(735,693)
Add:				
Tax Effect of:				
- Accrued Expenses	3,795	-	3,795	-
- Permanent Differences	20,668	740	20,668	740
- Other Temporary Differences	4,032	2,216	4,032	2,216
- Movement in provision	8,108	-	8,108	-
	(742,849)	(732,737)	(742,849)	(732,737)
Less:				
Tax Effect of:				
- Capitalised Deductible Exploration Expenditure	(452,566)	(315,599)	(452,566)	(315,599)
- Deductible Black Hole Expenditure	(36,066)	(37,980)	(36,066)	(37,980)
	(1,231,481)	(802,316)	(1,231,481)	(802,316)
Add:				
Income Tax losses carried forward not taken up as benefit	1,231,481	802,316	1,231,481	802,316
	-	-	-	-
Future income tax benefits not brought to account as assets:				
- Tax Losses	8,402,657	7,171,175	8,402,657	7,171,175
- Temporary Differences	1,612,633	(1,139,936)	1,612,633	(1,139,936)
	6,790,024	6,031,239	6,790,024	6,031,239

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.
- ii) The consolidated entity continues to comply with the conditions for deductibility imposed by law, and
- iii) No change in tax legislation adversely affects the consolidated entity in realising the benefits from

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deducting the losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

5. KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel Remuneration and Policies

Details of Key Management Personnel Remuneration and Policies are detailed in the Remuneration Report contained within the Directors Report.

(b) Option holdings by Key Management Personnel and their nominees

2008	Balance 1/7/07	Granted as compensation	Exercised	Net Change other ⁽ⁱ⁾	Balance 30/06/08	Options Vested No.	Vested but not exercisable No.	Vested and exercisable No.
Mr D Pursell	10,682,942	-	(10,682,942)	-	-	-	-	-
Mr A Jannink	2,500,000	-	(2,000,000)	(500,000)	-	-	-	-
Mr G Higgins	-	-	-	-	-	-	-	-
Ms M Leydin	480,000	-	(480,000)	-	-	-	-	-
	13,662,942	-	(13,162,942)	(500,000)	-	-	-	-

(i) Net change other refers to shares purchased or disposed of during the year and Directors who have resigned during the year and no longer need to disclose holdings

2007	Balance 1/7/07	Granted as compensation	Net change other ⁽ⁱ⁾	Balance 30/06/08	Options Vested No.	Vested but not exercisable No.	Vested and exercisable No.
Mr D Pursell	-	-	10,682,942	10,682,942	10,682,942	-	10,682,942
Mr A Jannink	-	-	2,500,000	2,500,000	2,500,000	-	2,500,000
Mr G Higgins	-	-	-	-	-	-	-
Ms M Leydin	-	-	480,000	480,000	480,000	-	480,000
	-	-	13,662,942	13,662,942	13,662,942	-	13,662,942

(i) Net change other refers to shares purchased or disposed of during the year

(c) Shareholdings by Key Management Personnel and their nominees

2008	Balance 1/7/07	Granted as compensation	Received on exercise of options	Net change other ⁽ⁱ⁾	Balance 30/06/08	Balance held nominally
Mr D Pursell	44,515,102	-	10,682,942	(4,732,040)	50,466,004	12,731,201
Mr A Jannink	19,625,609	-	2,000,000	(21,625,609)	-	-
Mr G Higgins	-	-	-	-	-	-
Ms M Leydin	680,000	-	480,000	-	1,160,000	-
	64,820,711	-	13,162,942	(4,732,040)	51,626,004	12,731,201

(i) Net change other refers to shares purchased or disposed of during the year

2007	Balance 1/7/06	Granted as compensation	Received on exercise of options	Net change other ⁽ⁱ⁾	Balance 30/06/07	Balance held nominally
Mr D Pursell	39,132,161	-	-	5,382,941	44,515,102	13,962,787
Mr A Jannink	15,638,676	-	-	3,986,933	19,625,609	1,225,934
Mr R Fairlam	1,055,542	-	-	(1,055,542)	-	-
Mr G Higgins	-	-	-	-	-	-
Ms M Leydin	200,000	-	-	480,000	680,000	-
	56,026,379	-	-	8,794,332	64,820,711	15,188,721

(i) Net change other refers to shares purchased or disposed of during the year, or Directors no longer requiring disclosure.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
6. AUDITORS' REMUNERATION				
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Audit and review of the financial statements	18,150	15,700	18,150	15,700
Other services	-	4,000	-	4,000
	18,150	19,700	18,150	19,700

7. TRADE AND OTHER RECEIVABLES

Current

Trade debtors (a)	8,786	36,445	8,786	36,445
Security deposits	733,724	728,366	733,724	728,366
GST Receivable	66,080	89,673	66,080	89,673
Other Receivable	1,045	-	1,045	-
	809,635	854,484	809,635	854,484

(a) Trade debtors are all due in 30 days and represent rent receivable in 2008 and rent receivable and cost reimbursement in 2007.

(b) The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The consolidated Company has financial risk management policies in place to ensure that all receivables are received within the credit timeframe.

(c) Due to the short term nature of these receivables, their carrying value is assumed to be approximate their fair value.

8. FINANCIAL ASSETS

Investments carried at cost

Non-current

Investments in subsidiaries	-	-	-	105,000
Less provision for diminution	-	-	-	(105,000)

Financial Assets carried at fair value through profit or loss

Current

Shares in listed corporations	248,035	162,110	248,035	162,110
	248,035	162,110	248,035	162,110
Disclosed in the financial statements as:				
Current other financial assets	248,035	162,110	248,035	162,110
Non-current other financial assets	-	-	-	-
	248,035	162,110	248,035	162,110

Details of the investments in the controlled entities are:

Name of Entity	Country of Incorporation	% Held 2008	% Held 2007
Hardrock Exploration Pty Ltd	Australia	100	100

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 \$	2007 \$	2008 \$	2007 \$
9. INVENTORIES				
Recoverable gold retained in heap leach	<u>901,797</u>	<u>313,799</u>	<u>901,797</u>	<u>313,799</u>
10. PROPERTY PLANT AND EQUIPMENT				
Property – at cost	<u>381,320</u>	<u>-</u>	<u>381,320</u>	<u>-</u>
Plant and Equipment – at cost	1,460,173	1,380,810	1,460,173	1,380,810
Less : Accumulated depreciation	<u>(712,495)</u>	<u>(472,723)</u>	<u>(712,495)</u>	<u>(472,723)</u>
	<u>747,678</u>	<u>908,087</u>	<u>747,678</u>	<u>908,087</u>
	<u>1,128,998</u>	<u>908,087</u>	<u>1,128,998</u>	<u>908,087</u>
<i>Reconciliation of Carrying Value</i>				
		<i>Plant and Equipment</i>		<i>Property</i>
Balance at beginning of year	908,087	881,938	-	-
Acquisitions	96,483	245,321	381,320	-
Depreciation expense	(246,906)	(219,172)	-	-
Disposals	<u>(9,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>747,678</u>	<u>908,087</u>	<u>381,320</u>	<u>-</u>
11. OTHER NON-CURRENT ASSETS				
Costs carried forward in respect of areas of interest in exploration and evaluation stage	<u>4,713,517</u>	<u>3,689,812</u>	<u>4,713,517</u>	<u>3,689,812</u>
<i>Reconciliation of deferred exploration and evaluation costs</i>				
Balance brought forward	3,689,812	2,637,817	3,689,812	2,637,817
Expenditure for the year	1,041,318	1,083,559	1,041,318	1,083,559
Disposal of mining tenement	-	-	-	-
Expenditure written off	<u>(17,613)</u>	<u>(31,564)</u>	<u>(17,613)</u>	<u>(31,564)</u>
Balance at end of year	<u>4,713,517</u>	<u>3,689,812</u>	<u>4,713,517</u>	<u>3,689,812</u>
Joint venture assets included in exploration expenditure carried forward (Note 14)	<u>106,520</u>	<u>50,000</u>	<u>106,520</u>	<u>50,000</u>

The ultimate recoupment of costs carried forward for exploration expenditure & tenement acquisition and research and development is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of costs carried forward for the exploration phase is not being recognised pending the commencement of production.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 \$	2007 \$	2008 \$	2007 \$
12. INTANGIBLE ASSETS				
Research and Development	<u>484,848</u>	<u>-</u>	<u>484,848</u>	<u>-</u>
<i>Reconciliation of research and development</i>				
Balance brought forward	-	-	-	-
Expenditure for the year	484,848	-	484,848	-
Balance at end of year	484,848	-	484,848	-
13. TRADE AND OTHER PAYABLES				
Current				
Trade creditors	571,772	581,846	571,772	581,846
Other creditors	1,111,680	22,446	1,111,680	22,446
Accrued income	419,910	218,763	419,910	218,763
	<u>2,103,362</u>	<u>823,055</u>	<u>2,103,362</u>	<u>823,055</u>
(a) The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.				
14. LONG-TERM PROVISIONS				
Current Provisions				
Employee Entitlements ^(a)	<u>23,988</u>	<u>-</u>	<u>23,988</u>	<u>-</u>
Non Current Provisions				
Employee Entitlements ^(a)	3,039	-	3,039	-
Provision for rehabilitation ^(b)	250,000	250,000	250,000	250,000
	<u>253,039</u>	<u>250,000</u>	<u>253,039</u>	<u>250,000</u>
(a) A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of the future cash flows in respect of the long service leave, the probability of long service leave taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.				
(b) A provision for rehabilitation represents the present value of Director's best estimate of the costs to be incurred for the rehabilitation of the site used for exploration.				
15. CONTRIBUTED EQUITY				
(a) Issued and Paid Up Capital				
2,141,799,604 (2007 – 1,885,301,379) ordinary shares fully paid)	<u>43,470,609</u>	<u>40,677,126</u>	<u>43,470,609</u>	<u>40,677,126</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the Corporations' Law abolished the authorised capital and par value concept in relation to the Share Capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

15. CONTRIBUTED EQUITY (CONT'D)

(b) Movements in ordinary share capital of the company were as follows:

Date	Details	Number of shares	\$
01-07-2006	Opening Balance	1,037,056,040	32,112,620
08-08-2006	Issue of shares under share purchase plan at \$0.015	30,666,658	460,000
08-08-2006	Issue of shares in consideration for purchase of machinery at \$0.013	5,500,000	71,500
14-08-2006	Placement at \$0.011	30,000,000	330,000
05-10-2006	Placement at \$0.01	20,000,000	200,000
01-12-2006 to 19-02-2007	Rights issue allotment at \$0.01	449,289,181	4,492,891
19-06-2006 to 30-06-2007	Exercise of options	312,789,500	3,127,895
	Less: Cost of capital raising		(117,780)
		1,885,301,379	40,677,126
01-07-2007	Opening Balance	1,885,301,379	40,677,126
11-07-2007 to 07-01-2008	Exercise of options	156,498,225	1,564,983
07-03-2008	Placement at \$0.013	100,000,000	1,300,000
	Less: Cost of capital raising		(71,500)
30-06-2008	Closing Balance	2,141,799,604	43,470,609

(c) Terms and conditions of contributed equity

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity is proportional to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

15. CONTRIBUTED EQUITY (CONT'D)

(d) Options

Series 1

Each option entitles the holder to subscribe for 1 ordinary share in Jervois Mining Limited upon the payment of \$0.02 (2 cents). The options will lapse at 5.00pm (AEST) on 1 September 2010. The options are transferable. The options carry neither rights to dividends nor voting rights.

Series 2

Each option entitles the holder to subscribe for 1 ordinary share in Jervois Mining Limited upon the payment of \$0.01 (1 cent). The options will lapse at 5.00pm (AEST) on 30 November 2007. The options are transferable. The options carry neither rights to dividends nor voting rights.

	2008 No.	Series 1 2007 No.	2008 No.	Series 2 2007 No.
Balance at beginning of the financial year	50,000,000	-	150,174,388	-
Granted during the financial year	-	50,000,000	-	469,289,079
Exercised during the financial year	-	-	(150,174,388)	(319,114,691)
Lapsed during the financial year	-	-	-	-
Balance at end of the financial year	50,000,000	50,000,000	-	150,174,388

CONSOLIDATED ENTITY

PARENT ENTITY

2008
\$

2007
\$

2008
\$

2007
\$

16. RESERVES

Capital Profits Reserve	909,907	909,907	909,907	909,907
General Reserve	120,537	120,537	120,537	120,537
Options Reserve	340,000	340,000	340,000	340,000
	1,370,444	1,370,444	1,370,444	1,370,444

There was no movement in reserves during the year.

17. INTEREST IN JOINT VENTURE OPERATION

Jervois Mining Limited has a 20% interest in the assets, liabilities and output of the Forest Reefs Joint Venture for the operation, development and mining of gold deposits in New South Wales.

Net assets employed in the joint venture are included in the financial statement as follows:

Deferred Exploration Expenditure	106,520	50,000	106,520	50,000
Net Assets	106,520	50,000	106,520	50,000

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

18. RELATED PARTY DISCLOSURES

(a) Director Transactions

Loans:

During the year the Directors did not provide any loans to Jervois Mining Limited.

Director-related entity transactions:

Director's remuneration received via Director related entities is included in the Remuneration Report in the Directors Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

TressCox Lawyers, an entity associated with Mr G.R. Higgins acted on behalf of the Company in relation to a number of legal matters. During the year Jervois Mining Limited paid \$77,197 (2007: \$79,794) in legal fees to TressCox.

19. NOTES TO THE STATEMENT OF CASH FLOW

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Reconciliation of Cash and Cash Equivalents				
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows				
Cash and cash equivalent	<u>4,389,856</u>	<u>5,245,749</u>	<u>4,389,856</u>	<u>5,245,749</u>
(b) Reconciliation of Net Loss From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities				
Operating loss after income tax	2,598,174	2,452,312	2,598,174	2,452,312
Depreciation	(246,906)	(219,172)	(246,906)	(219,172)
Write off exploration expenditure	(17,613)	(31,564)	(17,613)	(31,564)
Share based payments	-	(25,000)	-	(25,000)
Fair value losses	(67,051)	(23,000)	(67,051)	(23,000)
Loss on sale of asset	(2,561)	-	(2,561)	-
Changes in operating assets and liabilities:				
(Decrease)/Increase in current receivables	(44,852)	598	(44,852)	598
(Decrease)/Increase in inventory	587,998	128,652	587,998	128,652
Decrease/(Increase) in current liabilities	(69,934)	(43,045)	(69,934)	(43,045)
Net cash outflow from operating activities	<u>2,737,255</u>	<u>2,239,781</u>	<u>2,737,255</u>	<u>2,239,781</u>

JERVOIS MINING LIMITED AND CONTROLLED ENTITY
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

20. INVESTMENTS

	Country of Incorporation	Carrying Value of Parent Entity's Investment 2008 \$	Carrying Value of Parent Entity's Investment 2007 \$	Contribution to Consolidated Loss 2008 \$	Contribution to Consolidated Loss 2007 \$
Parent Entities					
Jervois Mining Limited	Australia	-	-	2,598,174	2,452,312
Controlled Entity					
Hardrock Exploration Pty Ltd	Australia	-	-	-	-
		-	-	2,598,174	2,452,312

Jervois Mining Limited is the ultimate parent entity. The investment in the controlled entity comprises ordinary shares and all shares held as at 30 June 2008 are unquoted. The controlled entity is 100% owned at the end of the current financial year.

2008 **2007**

21. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share (cents per share)	(0.13)	(0.20)
Diluted earnings/(loss) per share (cents per share)	(0.13)	(0.18)

Earnings used in the calculation of earnings per share (dollars)	(2,598,174)	(2,452,312)
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	2008 No	2007 No
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic (loss) per share	1,967,146,520	1,214,717,741

Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS	2,040,711,948	1,350,499,202
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
22. COMMITMENTS FOR EXPENDITURE				
Exploration Tenements – Commitments for Expenditure				
In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rates and rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided for in the accounts and are payable:				
Not later than one year	835,367	733,760	835,367	733,760
Later than one year but not later than five	2,007,160	1,119,800	2,007,160	1,119,800
Later than five years	160,000	-	160,000	-
	<u>3,002,527</u>	<u>1,853,560</u>	<u>3,002,527</u>	<u>1,853,560</u>
Operating Rental Leases- Commitments for Expenditure				
Not later than one year	130,000	60,000	130,000	60,000
Later than one year but not later than five	65,000	-	65,000	-
Later than five years	-	-	-	-
	<u>195,000</u>	<u>60,000</u>	<u>195,000</u>	<u>60,000</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents, trade and other receivables, investments in listed entities and trade and other payables. The main purpose of these financial instruments is to finance the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The entity does not have any material exposure to market risk other than interest rate risk.

(a) Cash flow interest rate risk

The consolidated entity's exposure to the risks of changes in market interest rates relates primarily to the consolidated entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the parent entity and consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The consolidated entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Consolidated Entity

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
		2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	-10% 2008 \$	2007 \$	+10% 2008 \$	2007 \$
Financial Assets											
Cash at bank	19	4,389,630	5,245,749	226	-	4,389,856	5,245,749	(29,498)	(28,589)	29,498	28,589
Trade and other receivables	7	-	-	75,909	126,118	75,909	126,118	-	-	-	-
Security deposits	7	714,475	709,116	19,250	19,250	733,725	728,366	(4,801)	(3,865)	4,801	3,865
Total		5,104,105	5,954,865	95,385	145,368	5,199,490	6,100,233	(34,299)	(32,454)	34,299	32,454
Weighted average interest rate		6.12%	5.27%								
Financial Liabilities											
Trade and other payables	13	-	-	2,103,362	823,055	2,103,362	823,055	-	-	-	-
Total		-	-	2,103,362	823,055	2,103,362	823,055	-	-	-	-
Weighted average interest rate		-	-								
Net Financial assets (liabilities)		5,104,105	5,954,865	(2,007,977)	(677,687)	3,096,128	5,277,178	(34,299)	(32,454)	34,299	32,454

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Parent Entity

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity 2008			
		2008	2007	2008	2007	2008	2007	-10%	+10%	2008	2007
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets											
Cash at bank	19	4,389,630	5,245,749	226	-	4,389,856	5,245,749	(29,498)	(28,589)	29,498	28,589
Trade and other receivables	7	-	-	75,909	126,118	75,909	126,118	-	-	-	-
Security Deposits	7	714,475	709,116	19,250	19,250	733,725	728,366	(4,801)	(3,865)	4,801	3,865
Total		5,104,105	5,954,865	95,385	145,368	5,199,490	6,100,233	(34,299)	(32,454)	34,299	32,454
Weighted average interest rate		6.12%	5.27%								
Financial Liabilities											
Trade and other payables	13	-	-	2,103,362	823,055	2,103,362	823,055	-	-	-	-
Total		-	-	2,103,362	823,055	2,103,362	823,055	-	-	-	-
Weighted average interest rate		-	-								
Net Financial assets (liabilities)		5,104,105	5,954,865	(2,007,977)	(677,687)	3,096,128	5,277,178	(34,299)	(32,454)	34,299	32,454

The consolidated entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% sensitivity would move short term interest rates at 30 June 2008 from 6.72% to 7.40% representing a 68 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet debt requirements. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity aims at maintaining flexibility in funding by having in place operational plans to source further capital as required.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk is measured using liquidity ratios such as working capital as follows:

	30 June 2008	30 June 2007
Current Assets	6,349,323	6,576,142
Current Liabilities	(2,127,350)	(823,055)
Surplus/(Deficit)	4,221,973	5,753,087

(a) Commodity Price Risk

The consolidated entity is exposed to commodity price risk. This risk arises from its activities directed at exploration and development mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The consolidated entity does not hedge its exposures.

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Gold Revenue	1,753,018	1,300,719	1,753,018	1,300,719
Increase in gold price +20%				
- Profit	350,603	260,143	350,603	260,143
- Equity	350,603	260,143	350,603	260,143
Increase in gold price -20%				
- Profit	(350,603)	(260,143)	(350,603)	(260,143)
- Equity	(350,603)	(260,143)	(350,603)	(260,143)

A sensitivity of 20% has been selected as this is considered reasonable given the current and recent trending and volatilities of both Australian and International mineral markets.

(b) Price Risk Sensitivity Analysis

The Group is exposed to equity securities price risk. This arises from investments held and classified on the balance sheet as fair value through profit and loss. The listed investments are traded on the ASX.

The following table sets out the carrying amount of the consolidated and parent entity's exposure to equity securities price risk on fair value through profit and loss investments. Also included is the effect on profit and equity before tax if these prices at that date had been 50% higher or lower with all other variables held constant as a sensitivity analysis.

A sensitivity of 50% has been selected as this is considered reasonable given the current and recent trending and volatilities of both Australian and International stock markets.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Listed Securities – Equities	248,035	162,110	248,035	162,110
Market Price +50%				
- Profit	124,018	81,055	124,018	81,055
- Equity	124,018	81,055	124,018	81,055
Market Price -50%				
- Profit	(124,018)	(81,055)	(124,018)	(81,055)
- Equity	(124,018)	(81,055)	(124,018)	(81,055)

(c) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The consolidated entity's foreign transactions are immaterial and it is not exposed to foreign currency risk.

(d) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

The consolidated entity's receivables at balance date are detailed in Note 7 and comprise primarily of GST input tax credits refundable by the ATO.

The credit risk on financial assets of the economic entity which have been recognised on the Balance Sheet is generally the carrying amount.

(e) Capital Risk Management

When managing capital, management's objectives is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2007 and no dividends are expected to be paid in 2008.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The consolidated entity is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

24. SEGMENT INFORMATION

i) Business Segments

The Company operates in the following business segments:

- mineral exploration and development
- research and development – innovative new approach to the treatment of nickel/cobalt laterite.

	Exploration and Development		Research and Development		Corporate		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Segment Revenues	1,753,018	1,300,719	-	-	205,083	195,412	2,255,101	1,496,131
Segment Result	(1,568,515)	(1,617,576)	-	-	(1,029,659)	(834,736)	(2,598,174)	(2,452,312)
Segment Assets	7,458,407	5,577,127	484,848	43,686	4,733,431	5,553,229	12,676,686	11,174,042
Segment Liabilities	2,277,934	984,478	-	-	102,455	88,577	2,380,390	1,073,055
Acquisition of segment assets	470,375	138,637	-	-	-	35,684	470,375	174,321
Depreciation	230,899	207,942	-	-	15,197	11,230	246,906	219,172

ii) Geographical Segments

The Company operates entirely within the one geographical segment of Australia.

25. SUBSEQUENT EVENTS

Since the end of the financial year there have been no matters or circumstances which significantly affected or may significantly affect the operation of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

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ANALYSIS OF MEMBERS' SHARE HOLDINGS

At 29 August 2008 there were 2,141,799,604 ordinary fully paid shares.

There were 6,357 holders of ordinary shares.

Range of Holding	No. of Shareholders	Number of Shares	Percent of Issued Capital
1-1,000	82	37,491	0.00
1,001-5,000	303	957,909	0.04
5,001-10,000	217	1,811,651	0.08
10,001-100,000	3,118	166,902,053	7.79
100,000 and over	2,637	1,972,090,500	92.09
	6,357	2,141,799,604	100.00
Number of shareholders with less than a marketable parcel	1,374		

Substantial Shareholders There are no substantial shareholders as at 31 August 2008

20 Largest Holders of Ordinary Shares

Name	Number of Shares	Percent of Issued Capital
National Nominees Limited	67,198,134	3.14
Altinova Nominees Pty Ltd <Holder 1>	62,250,000	2.91
Rigi Investments Pty Ltd	59,350,827	2.77
ANZ Nominees Limited	47,143,735	2.20
Mr Duncan Campbell Pursell	28,227,301	1.32
Altinova Nominees Pty Ltd <Holder 2>	25,000,000	1.17
Altinova Nominees Pty Ltd <Holder 3>	25,000,000	1.17
Mr Barry Anthony Grooby	25,000,000	1.17
Berne No 132 Nominees Pty Ltd	24,500,000	1.14
Nefco Nominees Pty Ltd	24,200,000	1.13
Windsurf Pty Ltd	18,847,892	0.88
Citicorp Nominees Pty Ltd	15,690,001	0.73
Mr Clyde Stewart Mayberry	15,401,069	0.72
Fornca Pty Ltd	12,700,000	0.59
Douglas McKenna & Partners Pty Ltd	11,236,342	0.52
Forty Fifth Sepelda Pty Ltd	10,100,000	0.47
Kramner Pty Ltd	10,000,000	0.47
Waranga Grange Pty Ltd	10,000,000	0.47
Dr William P C Duyvesteyn	9,439,460	0.44
Mr Anthony Jannink	8,663,333	0.40
	509,948,094	23.81

Voting Rights

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote
- (b) On a poll, each shareholder is entitled to one vote for each fully paid share

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CORPORATE GOVERNANCE STATEMENT

The directors of Jervois Mining Limited believe firmly that benefits will flow from the maintenance of the highest possible standards of corporate governance. A description of the company's main corporate governance practises is set out below. The Company has elected to early adopt the 2nd Edition of the "Corporate Governance Principals and Recommendations of the ASX Corporate Governance Council" issued by the ASX Corporate Governance Council in August 2007.

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The board has adopted a formal charter setting out the responsibilities of the Board. This charter can be accessed at www.jervoismining.com.au . Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listing Rules are reserved for senior executives.	Not applicable
1.2	Disclose the process for evaluating the performance of senior executives.	The Board meets annually to review the performance of executives. The senior executives' performance is assessed against the performance of the company as a whole.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principal 1.	A performance evaluation has been completed during the reporting period in accordance with the process detailed in 1.2 above.	Not applicable
2.1	A majority of the Board should be independent of directors.	Currently the Board has two independent Directors and two non-independent Directors. During the 2008 financial year the Company did not have a have a majority of Independent Directors.	Due to the Company's size and its specialised operations, the Board considers that a majority of Independent Directors is not currently warranted. As the Company's activities expand, this policy will be reviewed, with a view to aligning the Company's policies to conformity with this recommendation. The Board recognises that Directors remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting power to elect members to the Board regardless of their standing, independent or otherwise.

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2.2	The chair should be an independent director.	Mr Duncan Pursell, the Managing Director acts as the Company's Chairman as required.	Whilst the Board recognises that it is desirable for the Chairman to be an Independent Director, the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of an Independent Chairperson should the Company's size and growth warrant this.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	As noted, Mr Duncan Pursell is the Managing Director acts as the Company's Chairman as required.	For similar reasons expressed in relation to recommendation 2.2, the existing arrangement is the most efficient mode of operation at the current time for the Company's size. The Board will review the appointment of a separate Chairperson should the Company's size and growth warrant this.
2.4	The board should establish a nomination committee.	The board has an established nominations and remuneration committee.	Not applicable
2.5	Disclose the process for evaluating the performance of the board, its committee and individual directors.	The performance evaluation of board members occurs by way of an informal review by the full board (in the absence of the relevant Board member)	Not applicable.
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of the Annual Report. The name of the Independent Directors are disclosed above. The directors are entitled to take independent professional advice at the expense of the company. The period of office held by each director is disclosed in the Directors' Report which forms part of this Annual Report.	Not applicable

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3.1	<p>Establish a code of conduct and disclose the code for a summary of the code as to:</p> <ul style="list-style-type: none"> • the practise necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>The Company has adopted a Board Code of Conduct and a Company Code of Conduct, both of which can be accessed at www.jervoismining.com.au.</p>	Not applicable
3.2	<p>Establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.</p>	<p>The Company has adopted a Trading Policy which can be accessed at www.jervoismining.com.au.</p>	Not applicable.
3.3	<p>Provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>The information has been disclosed in the Annual Report.</p>	Not applicable.
4.1	<p>The board should establish an audit committee.</p>	<p>The company has an established an Audit Committee.</p>	Not applicable.
4.2	<p>The audit committee should be structured so that it: consists only of non-executive directors;</p> <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at lease three members 	<p>The Audit Committee has two members, consisting of the independent directors, Ms Melanie Leydin, Dr Malcolm Jansen and Mr Richard Campbell.</p> <p>The Audit Committee is chaired by Mr Richard Campbell.</p>	Not applicable.
4.3	<p>The audit committee should have a formal charter.</p>	<p>The formal charter can be accessed at www.jervoismining.com.au.</p>	Not applicable.
4.4	<p>Provide the information in the Guide to reporting on Principle 4.</p>	<p>The names of the members of the Audit Committee are disclosed above. The qualifications of the members of the Audit Committee are disclosed in the Directors' Report which forms part of this Annual Report. The audit committee will meet twice in each year, before sign off of the annual and half year financial statements. The external auditor, Ian Riley, has a rotation policy such that lead partners are rotated every 5 years and review partners are rotated every 5 years.</p>	Not applicable.

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5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a Disclosure Policy which can be accessed at www.jervoismining.com.au .	Not applicable.
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	The information has been disclosed in the Annual Report.	Not applicable.
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy	The Company has adopted a Shareholder Communications Policy which can be accessed at www.jervoismining.com.au .	Not applicable.
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report	Not applicable.
7.1	Establish policies for the oversight and management of material business risk and disclose a summary of those policies.	The Company has adopted Risk Management Policy which can be accessed at www.jervoismining.com.au . This policy outlines the material risks face by the Company as identified by the Board. Given the size and scale of Jervois Mining Limited it does not have a Risk sub-committee or Internal Audit function.	Not applicable.
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the company's activities. The board informally reviews and requests management to report on risk management and internal control.	Management has not formally reported to the board as to the effectiveness of the company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.

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7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board receives assurance from Mr Duncan Purcell (Managing Director) and the chief financial officer in the form of a declaration, prior to approving financial statement.	Not applicable.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The information has been disclosed in the Annual Report.	Not applicable.
8.1	The board should establish a remuneration committee.	The Remuneration Committee has three members, consisting of the Independent directors, Melanie Leydin, Malcolm Jansen and Richard Campbell. There was a single meeting of the Remuneration Committee during the reporting period which was attended by all member of the Remuneration Committee. The Remuneration Committee is chaired by Richard Campbell.	
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives, as described in the Directors' Report which forms part of this Annual Report.	Not applicable.
8.3	Companies should provide the information indicated in the guide to reporting on Principle 8.	The information has been disclosed in the Annual Report.	Not applicable.