

JERVOIS MINING LIMITED

A.B.N. 52 007 626 575



29 October 2009

The Manager
Company Announcements
Australian Stock Exchange
Level 10, 20 Bond Street
SYDNEY NSW 2000

QUARTERLY REPORT TO 30 SEPTEMBER 2009

NICKEL/COBALT IN LATERITE, SUMMERVALE, NEAR NYNGAN, NSW - EXPLORATION LICENCE 7281

The Company reported on 25 June 2009 some very encouraging early drilling results on a suspected (and now expected to be) large extension to the known Nyngan-Westlynn resource. The subsequent drilling program in September 2009 was designed to further explore the potential of this tenement.

The latest drilling results, in combination with those reported on 25 June; appears to have identified a block of continuous mineralisation estimated to be 200 meters wide and 800 meters long. A table of relevant assay results is given below. This resource doesn't follow the expected magnetic signature and, as such, was difficult to locate. At the present time this is all the information the Company has on this tenement.*

To reach proper JORC resource status, further exploratory drilling is required. At this preliminary stage the assay results indicate that Jervois has a potentially significant discovery (for Australia) of relatively high grade nickel in laterite e.g. 13 meters of 1.41% nickel in one key drill hole (SV44). This hole is located almost 2 kilometres south west of SV39 which yielded 11 metres at 1.02% Ni.

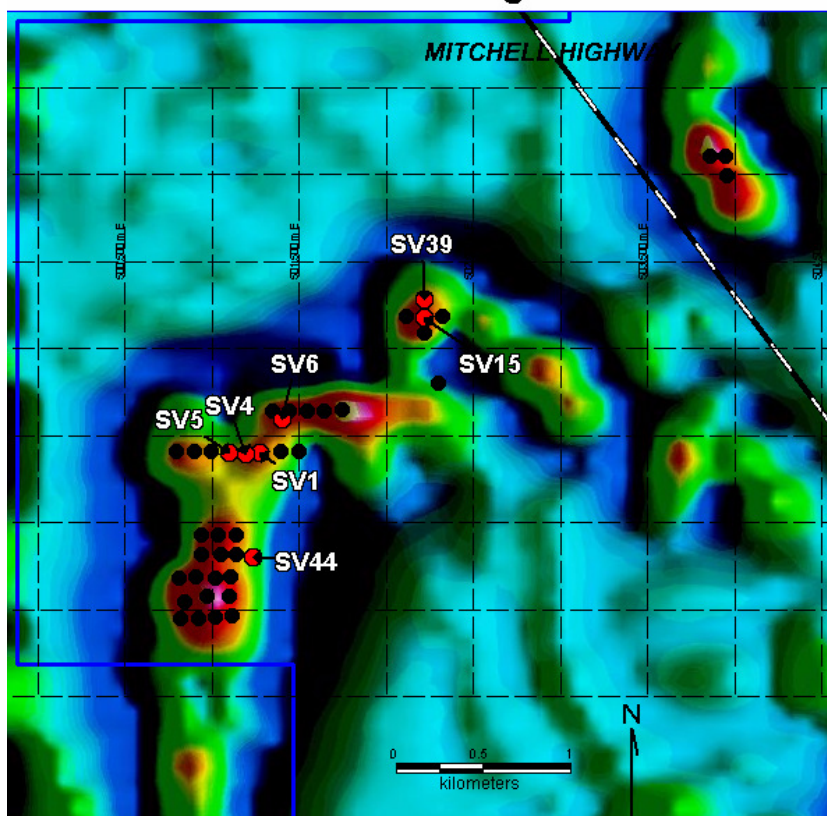
All shareholders should take pleasure and satisfaction from the success of our exploration team in this area. Dr S. Van Huet and her technical assistant Ms J. Quinn identified the possibilities of the area and then confirmed the mineralised target with follow-up drilling/assays, as shown. Nickel grades of the level shown are considered likely to attract some major players as partners.

**One drill hole yielded 3 metres at 0.21% cobalt and 5 drill holes returned assayed interval of >55% iron (as magnetite). This latter, and other intervals of interest, will be assayed for gold/copper etc*

Exploratory drilling program at Summervale - June and September 2009

Hole number	Northing GDA	Easting GDA	From (m)	To (m)	Interval width (m)	Ni %	Co %
SV1	6523588	501394	43	47	5	0.710	0.027
SV4	6523584	501313	43	49	6	0.914	0.046
SV5	6523584	501213	38	41	3	0.686	0.032
SV6	6523734	501426	31	41	10	0.922	0.034
including			32	37	5	1.145	0.038
SV15	6524364	502331	28	31	3	0.96	0.255
SV39	6524466	502333	27	38	11	1.02	0.035
including			29	35	6	1.25	0.034
SV44	6522985	501348	41	54	13	1.41	0.083
including			41	42	1	2.15	0.033
and			43	44	1	2.03	0.264
and			42	45	3	1.89	0.210

Summervale Drilling 2009



Preliminary laboratory testing has started on two composite saprolite samples from Summervale, NSW. The materials have been leached with MgCl₂/HCl in one case and sulfuric acid in another case to determine metal extractions under standard leach conditions.

NYNGAN, NSW GILGAI SCANDIUM PROSPECT

Exploration Licences 6009, 6095 and 6096

Resource statement Nyngan:

EL's 6009, 6095, 6096

Measured 2,718,000 tonnes at 274 ppm grade Sc.

Indicated 9,294,000 tonnes at 258 ppm grade Sc.

As part of ongoing testing to optimise the extraction of scandium from Gilgai limonite ore, several acid bake-leach tests have been completed at Metcon, NSW. One test was carried out to find the highest percentage solids attainable for leaching acid baked material. This appeared to about 65% solids. Acid baked ore was also leached at 50% solids and found to have slightly lower scandium extraction than at 10% solids. Two other tests examined the effect of wash water pH on scandium extraction.

JRV has entered into a contract for work over the next 3 months with a leading Australian Research Organization for further development of the Gilgai scandium flowsheet. Previous laboratory testwork on the pretreatment and leaching of Gilgai scandium ore will be extended to include larger scale pre-treatment and leaching tests, off gas sampling and analysis, generation of solution for solvent extraction (SX), SX testwork with a range of solvents and precipitation of scandium oxide product. Preliminary extraction test results with 12 organic systems by the organization have shown that SX can be used to extract all scandium but almost no other metals if 2-3 stages of extraction and several scrubbing stages are used on a sulphuric acid bake water leach liquor. Potentially, large savings are expected in Capex and Opex costs without the need for Ion Exchange (IX). It is anticipated that stripping and further purification of the scandium solution will lead to, at least, 99.9% scandium oxide product production.

In September four due diligence holes were drilled to confirm the scandium grades. Two holes were drilled within the 2 year pit and two were outside the pit extent. Assay grades were as expected within the pit; and grades from the other holes confirmed that the scandium resource extends beyond the pit boundary. Assay results are in the table below.

Hole number	Northing AMG	Easting AMG	From – To (m)	Interval (m)	Sc ppm
NaDD1	6502837	499295.1	18 - 19	1	289
NaDD2	6502886	499472.8	20 - 30	10	384
NaDD3	6502888	499362.3	20 - 32	12	413
NaDD4	6502948	499276.6	17 - 31	14	303

Possible Partners for Mine Development

As previously announced, the Company has been negotiating with potential partners interested in joint venturing this high grade scandium project. The ultimate aim is to develop a dedicated scandium mine for production of up to 30 tonnes of 99.9% scandium oxide per annum. The number of potential partners has grown to four (4), with a fifth quite possible. Obviously the competition should ultimately be in shareholders' interest, but increasing numbers do cause inevitable delay.

Jervois believes the interest, especially from USA, is driven by the perceived 'green' energy benefits likely to emerge from the use of Solid Oxide Fuel Cells (SOFC) for power generation. It would appear that the use of scandium components is, potentially, becoming a favoured route for fuel cell development (but is not the only route).

There are more valuable end products compared with the oxide (Sc_2O_3) e.g. scandium metal for light alloy production and the 'halides' (chloride bromide iodide) but these possibilities can be examined if/when the mine is in production.

YOUNG, NSW

Nickel/Cobalt/Iron Laterite

Exploration Licences 5527, 5571 and 5152

New Approach from China

Company representatives met with a representative of GC Partners Limited (Beijing, London, Sydney) to explore corporate options for both parties. It was agreed the parties should maintain regular contact.

Since the above meeting, there has been interest in the Young nickel/cobalt resource from two more groups, basically both thought to be of Chinese origin but independent of PRC. The Board believes that this is the most practical way forward for JRV in any Chinese negotiation.

Young Laboratory Testing

Hot chloride agitation leach tests were carried out on Batch 1 Young limonite, saprolite, and weathered serpentinite samples to determine Na, K, and Ca extractions and their concentrations in the leach liquors at Metcon, NSW. The results are to be used in chloride flow sheet modeling. A second series of tests, in which the composition of MgCl_2 , AlCl_3 , CaCl_2 , ZnCl_2 , and FeCl_3 solutions is varied at different hydrolysis temperatures, has also commenced. These tests relate to potential hydrolysis testing in Canada.

Testwork, flowsheet modeling and generation of data is continuing in North America, including addressing the Jervois Young nickel project flowsheet requirements.

DIAMOND EXPLORATION TARGETS IN WESTERN AUSTRALIA

Diamond Exploration – WA (E70/3560 and E70/3568 pending)

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

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

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

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

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

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

GOLD

Bullabulling Gold Mine – WA

Mining Leases 15/282, 483, 503, 529, 554 and 1414 *P15/4715

Gold Production – September Quarter

377.85 fine ounces of gold was produced and sold for \$434,908 – an average of \$1,151 per oz.

The new leach pad extension is in full operation and has already been expanded to handle the increased tonnages necessary to reach economic production levels.

***New Acquisition at Bullabulling**

A tenement (P15/4715) has been acquired from a prospector for \$20,000. This new tenement lies immediately north of, and contiguous with, M15/503 owned by JRV. An application for a Mining Lease for this new block has been submitted.

BUNNAWARRA JOINT VENTURE, WA

E59/1391

Jervois Mining earning 40%

New Age Exploration (NAE) earning 40%

A drilling program, consisting of 1205 metres of aircore drilling, was designed to test a rare earth, Molybdenum, and Gold anomaly. Three lines of vertical drilling with holes spaced 50 metres apart, drilled to blade refusal were completed. The samples were composited down the hole to one sample for each 4 metre drill section.

Assays for base metals, Molybdenum, Gold, Silver, Arsenic, rare earths, Scandium, Cobalt, Manganese and Titanium were completed.

The Molybdenum results reflected the surface anomaly and therefore no economic Molybdenum grades were encountered. The Gold and Silver assays were lower than the surface anomaly.

Drill hole BADAC33 returned anomalous results for rare earths from two composite samples. Above average abundances for the light rare earths Cerium (Ce), Lanthanum (La) and the element Yttrium (Y) warrant further testing for total rare earths (both light and heavy) in these samples. If subsequent assay results prove encouraging additional drilling will be considered.

The tenement is 18,026 ha in area and has a number of Gold, rare earth and base metal anomalies which remain untested. Further drilling is under consideration for Bunnawarra.

URANIUM EXPLORATION – WA

Nalbarra South Exploration Licence 59/1264

Lake Barlee West Exploration Licence 77/1332 – 3

Lake Giles Exploration Licence 77/1345

Field work was carried out on all tenements and the outcome will be reported shortly. The first draft of the Independent Geologist's Report for the proposed IPO is being reviewed.

FOREST REEF JOINT VENTURE, NSW

Exploration Licence 4620

Newcrest Operations Limited (NOL) 80%

Jervois Mining Limited 20%

For the Quarter, NOL have reported as follows:

“No field work was completed during the reporting period. Expenditure during the last quarter was \$3,470 and excludes any management fee.”

COOPERATION AGREEMENT WITH CHINA RAILWAY RESOURCES

Following the withdrawal by Jervois Mining Limited on 15 July 2009 from all negotiations with China Railways Resource Co Ltd (CRR), the Board wishes to inform shareholders of information which has recently come to light regarding the Cooperation Agreement which JRV was to enter with CRR in 2008.

As shareholders are aware, in May 2008, JRV executed a Frame Agreement with CRR, regarding the cooperative development of the Young nickel laterite resource in New South Wales. Under the terms of the Frame Agreement, a formal Cooperation Agreement was to be signed by the parties by 31 October 2008. JRV maintains that it was, at all times, ready and willing to sign the Cooperation Agreement. The Cooperation Agreement did not proceed solely due to the unwillingness of CRR to execute the Cooperation Agreement by the designated date, despite having requested on 29/10/2008 that execution documents be prepared.

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

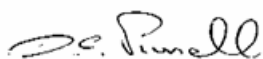
During the meeting, Yang Guanshan claimed that the reason that CRR would not sign the Cooperation Agreement was because CRR could not get approval from its holding company and/or the Chinese Government. **This is the first time CRR has provided to JRV any reason for its failure to sign the Cooperation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

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

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

EXPENDITURE FOR QUARTER ENDED 30 SEPTEMBER 2009

Expenditure on Exploration for the quarter was \$270,055.



DUNCAN C. PURSELL
MANAGING DIRECTOR

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