JERVOIS MINING LIMITED

CHAIRMAN'S ADDRESS 2007 FOR 43RD ANNUAL MEETING

Jervois Mining Limited is in its 43rd year as a listed mining company. The company started in 1963 by heap leaching copper oxide in the Jervois Ranges in the Northern Territory and then, led by Ian Sykes, moved to oil tenements in the Cooper and Perth basins long before it was fashionable to do so. I got involved in 1987 when changes became necessary and the company gradually acquired mineral tenements for gold and base metals.

Over the last 20 years, various mining tenements have been explored by Jervois and then retained for a period or rejected as being unlikely to ever be of economic significance. At the present time, the major asset, by far, is the company's nickel/cobalt/iron deposit, near Young, NSW. Also in that State, the scandium deposit at Nyngan is getting our close attention with a view to fast production when a process is finalised. I will expand on this later in this address.

In 2002, the company acquired the main gold assets of Resolute Mining Limited at Bullabulling near Coolgardie in WA. The objective of this was to provide cash flow from heap leach gold to assist with Young and Nyngan advancement. In the event, it has been a liability in operation. This year, although loss making, sales of gold did total $1.3 million – more than double the gold revenue achieved in 2006. Recent detailed assays of heap leach pregnant and barren solutions as well as assays of calcined regenerated carbon are expected to assist with modelling of heap performance and to suggest potential changes that could be considered to operations to reduce calcium carbonate scaling of the carbon in the fixed bed columns.

Significant resources of over 400,0000 oz at a grade of the order of 1.4 g/t Au identified by Resolute Mining are present if the various old open pits are deepened, or un-developed resources mined (eg Dicksons, Bonecrusher etc). These can now be readily identified as having a value in ground in excess of $360 million and are now extremely likely to attract the attention of any company that owns or operates a treatment mill in the general area.

Alternatively, the leases could appeal to any planned new listing. It is not a core asset of the company and will be disposed of when/if an attractive offer is made to the company.

The Young and Nyngan Nickel Resources – the company's major asset

Nickel/Cobalt Laterites

Laterites are residual deposits formed under special climatic and weathering conditions and overlying basic igneous rocks.

In general, laterites are highly variable in nature and vary from orebody to orebody and within a specific ore body. Some laterites leach easily with low acid additions. Some are highly refractory and resistant to acid attack. This latter usually resolved by higher acid addition or pressure leach. At Young, the lower horizons viz saprolite and weathered serpentine are relatively easy to treat. The upper horizons viz hematite and limonite are mostly difficult to treat. Therefore two thirds of the resource is easy to treat and one third needs a different approach.

The problems associated with High Pressure Acid Leach (HPAL) using sulphuric acid for nickel and cobalt have been widely reported on following the three earlier failures in WA. More recently, BHP Billiton are proposing an improved version of HPAL at Ravensthorpe. In New Caledonia, CVRD (Inco) has the Goro Nickel Project near Noumea in New Caledonia, which is expected to cost US$3.2 billion for production of 60,000 tpa nickel as oxide by an alternative HPAL process with first production currently scheduled for late 2008. High material costs and environmental concerns have pushed up costs 70% and delayed the project start-up by over one year.

A success story was the Coral Bay (Rio Tuba) nickel project on Palawan Island in the Philippines using HPAL. This repairs, somewhat, the damage done to the image of HPAL nickel/cobalt recovery from laterites caused by the failure of the WA projects.

These mixed results from HPAL and our own testwork some years ago prompted Jervois to seek alternatives. As a consequence, following some encouraging initial testwork, the company chose an alternative route – hydrochloric acid leaching in a magnesium chloride

brine, (sodium chloride or calcium chloride would do the job also but magnesium chloride was selected for initial testwork).

A new and radically different approach was eventually taken wherein as much acid as is needed and as much iron is leached and taken into solution as is necessary to ensure high nickel and cobalt extractions. This approach forces us to seek to re-generate the acid for re-use and by implication, recover pure iron ore (Fe_2O_3) as a by-product. Magnesium chloride will also be re-cycled and any newly leached magnesium converted to magnesium oxide (MgO) as a by-product with acid regeneration for recycling, we believe. At this stage, there are several commercial routes for acid re-generation (the steel industry does it already in its steel 'pickling' process). We think we require a cheaper re-generation process and one suited to the re-generation of up to 3 million tonnes of HCl per annum. Fortunately, not all at the one time. We believe we know how to do it but the necessary testwork is very close to Research & Development. This is not where I expected the company's progress to be at this time. We are 2 years behind.

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.

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 Process Support (formerly Falconbridge Technical Services) 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.

Outotec Oy (formerly Outokumpu)

On 27 July 2007, the company signed an agreement with this group to cover testwork to be carried out in Finland. The work assessed a novel variation of the chloride leach chemistry which Jervois has, through the consultants in Canada and Australia, been testing for several years. Four samples were despatched to Finland and a preliminary table of metal recoveries has been received. The recoveries of nickel and from the three main resource types viz limonite, saprolite and weathered serpentine were better than previous testwork although it should be said that all recoveries exceed 92%. The Outotec results averaged greater than 96%. This work is on-going and these figures are preliminary.

Heap Leach Approach for Nickel/Cobalt Recovery

The company has carried out preliminary chloride and sulphate leach tests to assess the amenability of the Young resource for heap leach recovery of nickel and cobalt – not dissimilar to the gold heap leach at Bullabulling. The use of hydrochloric acid (HCl) in this way is regarded as a 'first'. The use of sulphuric acid, however, has already been tested, piloted and/or in one case already in the process of commercialization on other laterite resources such as at European Nickel's Caldag resource in Greece, Anaconda's Murrin Murrin resource in Western Australia and Metallica Minerals Lucky Break resource in Queensland

The results from chloride 'bottle roll' on the four Young ore types and an initial column test on Young weathered serpentinite have been really encouraging, with the column leach recovery broadly similar to extended bottle roll recovery and approaching the very fast hot

chloride agitation leach recovery. The laterite in the column was agglomerated prior to the introduction of HCl. This route also requires that the HCl be recovered for re-use. Whilst this column leach approach has been demonstrated to be applicable to weathered serpentinite, one of the Young lower horizons , it is also expected to be applicable the other lower horizon, – viz saprolite. In addition it is also expected to be applicable to the upper horizons – viz limonite and hematite, albeit at higher acid consumptions and longer leach times.

The results from preliminary extended sulphate 'bottle roll' leach tests have also been encouraging, although hematite, limonite and saprolite leaching rates have been much slower than weathered serpentinite. No sulphate column leach testing has been carried out at Metcon Laboratories in Brookvale but earlier successful sulphate column leach testing was carried out for the company on acid agglomerated ore by TTS in the USA on the lower horizons only, with the upper horizons suffering from percolation and/or extraction difficulties. Polymer was not used for agglomerate formation in the earlier sulphate leach testwork but has been subsequently tested in recent small sample trials at Metcon. The polymer agglomeration results were positive for all four ore types with the result that sulphate column leach testing of polymer agglomerated ore may be worthy of additional investigation for all Young ore types. However, sulphate leach rates are expected to be low for all ore types except weathered serpentinite. There also remains a potential risk of agglomerate breakdown after extended leach times, until proven otherwise by testwork.

Gilgai – Scandium-bearing Laterite, NSW

The company owns a significant resource of scandium in limonite laterite clay at Gilgai near Nyngan, NSW. Jervois pushed this project in response to enquiries from potential customers seeking an alternative scandium supply other than that emanating from Ukraine. Processes using hydrochloric acid, sulphuric acid and even an organic acid have been tried. Hydrochloric acid worked in hot agitation leaching, yielding the order of 75-80% Sc extraction in 4 hours. It also worked for a novel substrate-supported agglomerated column leach process, yielding almost 55% Sc extraction in just over 110 days. However, re-generation of the acid was judged to be too big a hurdle for a small scale operation. The

Gilgai limonite was too refractory for all other approaches so far. The company has commissioned a novel chemical approach in Reno, Nevada and plans to re-visit the organic acid alternative.

Smelting tests duly transferred the scandium to the 'slag' phase and it was my opinion that the scandium would be easily recovered from the 'slag' by acid leach. Test leaching of the slag is in progress and the company also plans to investigate high temperature chlorination, similar to the fluid bed dry conversion of ilmenite to synthetic rutile, where metals of interest would be expected to be converted to chlorides for subsequent leaching and high purity product recovery by ion exchange (IX).

Double Link Pty Ltd

This group has worked on our behalf to attempt to find the strong financial partner necessary for completion of a Final Feasibility Study for the Young nickel resource. These efforts have led to interest being expressed by 4 different groups of Chinese origin. Two of these have Australian representation. A nickel miner from the Philippines is also showing keen interest.

Uranium Exploration Joint Venture

In response to persistent shareholder enquiries re this metal and in the belief that export restrictions would ultimately be scrapped, the company applied for some very prospective uranium areas in WA. Almost simultaneously, the areas were joint ventured with a company called New Age Exploration Limited (NAE). For a three year period, NAE will spend $1.5 million to earn a 60% interest.

During the year, sixteen grab surface samples from radiometric 'hot spots' taken from a helicopter due to adverse ground conditions certainly yielded some anomalous results worth following up with drilling. Since financial year end, 56 shallow auger holes have been completed at Lake Giles and a further 23 auger holes drilled at Lake Barlee. Assay results are awaited. This work is handled by consultant geologist, Derek Foster.

Forest Reefs

At Forest Reefs, our joint venture partner and operator, Newcrest Mining have advised that a deep diamond drill hole, planned for November 2007, has been completed.

Mt Moss (Queensland) – Base Metals

Mining Lease 10171

In 2005, this lease was sold to Curtain Bros (Qld) Pty Ltd for $200,000 with the company retaining a 1.5% Net Smelter Return royalty covering all future base metal and silver production. Curtain Bros have been busy on the lease and have conducted further exploration drilling followed by trial mining of magnetite which has been successfully up-graded by magnetic separation. All in all, quite an encouraging outlook for this lease which holds varying amounts of magnetite, zinc and copper, all of which are presently in strong demand.

Intec Ltd (INL)

On 26 February 2007, the company received a Notice of Initial Substantial Holder from INL. This was followed by a request for a meeting with the Board of Jervois Mining Limited (JRV). The Board duly met with INL representatives and subsequently considered their proposals. The Board formed the view that the INL proposals were not in the best interests of the JRV shareholders. When advised of this, INL confirmed that its merger proposals were at an end. INL are no longer a substantial shareholder.

Corporate Governance

Listed public companies are expected to comply with the 'Principles of Good Corporate Governance and Best Practice Recommendations' issued by the Australian Stock Exchange.

The company's position on these matters is summarised on pages 44 and 45 of the Annual Report.

Fund Raising

Share Issue

The company raised $8,468,506 from a share and option issue during the year. The options expire on 30 November 2007. Any shortfall has been underwritten without fee by Collins Street Securities Pty Ltd and sub-underwritten by Penleigh Banner Pty Ltd.

General

The company has potentially valuable mineral assets but with a market cap of less than $30 million is decidedly in the 'minnow' category. If we were listed on AIM or the Vancouver exchange, there is little doubt that the market cap would be much bigger. It is perhaps worth noting that the flow from UK of speculative capital into Australia enjoyed in the 70's and 80's now is mostly diverted to AIM where there are plenty of mining stocks listed. The same is true for Canada.

Jervois still seeks a strong partner for the Young nickel project, ideally when the chloride leach process is finalised. The Bullabulling gold resource will be sold off at the most advantageous time, which I believe will be in the next 12 months or so. I say this in the belief, supported by many, that a huge rise in the gold price is still highly likely against a background of a falling US dollar, the Sub-Prime Mortgage crisis in USA and the strong possibility of an inflationary surge worldwide. This latter a near certainty with most commodities at 3 to 8 times the levels seen just a few years ago.

In conclusion, I wish to express my appreciation of the support of my fellow directors, whose efforts are absolutely essential for running the company's affairs. The management and staff at the Bullabulling gold mine deserve our acclaim as they worked away on behalf of all shareholders.

Mr Jannink resigned on 19th September 2007. He was an executive director responsible for geological matters. Dr Sanja Van Huet is now acting Exploration Manager. Her speciality lies in Sedimentology.

D.C. Pursell 22 November 2007