

JERVOIS MINING LIMITED

A.B.N. 52 007 626 575



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

QUARTERLY REPORT TO 30 JUNE 2007

YOUNG, NSW **Nickel/Cobalt Laterite** **Exploration Licences 5527, 5571 and 5152**

Possible Ferro-nickel Production

Jervois Mining Ltd has made, possibly, the most significant advance to date in its quest to bring the company's Young (NSW) nickel laterite deposit into economic production. It is clear from a recent economic study and supporting testwork, that direct smelting of the Young nickel/cobalt resource followed by a nickel/iron alloy beneficiation step is a fast-track route to economic nickel production (see below for further details). Shareholders should understand that the direct smelting route is now a viable and competitive alternative to the chloride leach route which is still being pursued.

As reported to shareholders in the quarterly report to 31 March 2007, the company recently chose to examine the potential for ferro-nickel production by direct smelting of the nickel/cobalt laterite at Young, NSW. For a preliminary economic study the company retained Mintek, South Africa and for preliminary laboratory test work the company retained Xstrata at Falconbridge, Canada.

Mintek, South Africa

Mintek was commissioned to prepare an initial report 'Indicative Capital and Operating Costs'. This initial report was followed by a second report entitled 'Further Simulations and Economic Analyses on the Young Ferro-nickel Project'. Mintek are specialists in mineral and metallurgical technology, with significant experience in smelting of low grade nickel laterites (www.mintek.co.za).

A summary from the second Mintek report is given below:

"Process simulations were carried out on a grade of ore as specified by Jervois Mining, but having Ni grades of 0.7, 0.8 and 0.9% respectively. The simulations revealed that ferronickel of relatively low quality can be expected, with Ni grades in the alloy ranging from 7 to 9%.¹

In consultation with Jervois Mining, it was decided to provide for an alloy beneficiation step to upgrade the alloy to 20% Ni in order to avoid possible selling price penalties. The final alloy is expected to have a relatively high cobalt:nickel ratio of 1:10 as compared with commercially produced alloys that have ratios of 1:20 to 1:40.

Over the range of Ni grades in the ore, selling prices of US\$7.29 to US\$8.90/lb Ni will be required in order to achieve a 15% post tax IRR, with total cash operating costs ranging from a low of US\$4.65 to US\$5.54/lb Ni. Expert advice is needed on whether the market will sustain such selling prices in the long term."

¹In nine (9) actual lab-scale smelting tests at Xstrata in Canada, low grade ferro-nickel alloys grading 16% to 20% nickel, were obtained.

Summary of possible economic parameters at the median price of US\$8.50/lb²:

	0.8% Ni in ore
CAPITAL (US\$M):	
Fixed	698
Working	83
Ni production (t/a)	26890
Ni selling price (US\$/lb)	8.50
(US\$M/a)	
REVENUE	504
OPERATING COSTS:	
Fixed	50
Variable	243
TOTAL	294
GROSS PROFIT	210
IRR (%)	18
NPV (\$USM)	413

²Nickel is presently about US\$14.50/lb

Sensitivity analyses showed that the three most critical parameters, in descending order of importance, are:

- operating costs
- electricity tariffs and
- capital costs

Xstrata Process Support, Falconbridge, Canada

A report has been received from Xstrata Process Support, Falconbridge, Canada (XPS). This group was commissioned during the quarter to conduct preliminary laboratory smelting testwork covering a 'Preliminary Investigation of the Metallurgical Treatment of the Jervois Young Nickel Laterite Ores for Ferro Nickel Production'. Xstrata carried out this work at their Extractive Metallurgy Division in Falconbridge, Ontario, Canada. Key excerpts from the XPS report are given below:

"A preliminary metallurgical investigation of the production of a low grade ferronickel alloy from four samples of Jervois Young Laterites was conducted by XPS. The samples were dried and blended in proportions which are comparable to the overall composition of the deposit. In this test phase, 9 test runs were made.

A series of laboratory smelting tests were run using a pre-calculated amount of coal char as a reductant. The amount of coal char and the temperature required to run each smelting test were determined from calculations performed with Factsage thermochemical software.

The laboratory smelting tests showed that it is metallurgically possible to produce a low grade ferronickel alloy (16-20% Ni)."

Guang Ye Memorandum of Understanding (MOU)

Following the technical visit of Guang Ye Assets Management Co Ltd in May 2007, Jervois, through its Chinese agents, Double Link Pty Ltd, have been in regular contact with Guang Ye. The preliminary terms for a possible joint venture as discussed in Melbourne on 17/5/07, were translated into simplified Mandarin and passed to Guang Ye for comment. Jervois is awaiting a reply. In the meantime, Jervois has been approached by another Chinese company, recognised as one of the largest steel makers in China. An invitation to visit has been extended by Jervois and following the granting of entry visas – expected in a few days – the company expects to meet representatives in Melbourne on 30 July 2007.

Recent Infill Drilling Results at Young

An aircore drilling programme at Young commenced in May 2007 and has temporarily stopped due to inclement weather conditions. The programme is designed to produce sample for metallurgical testwork, firm up the resources and limit drill the mineralisation. The following table shows some of the significant intersections:

Hole Number	From metres	To metres	Width metres	Nickel %	Cobalt %
YA291	33	42	9	0.83	0.06
YA292	28	57	29	0.64	0.06
YA293	32	63	31	0.66	0.11
including	54	61	7	1.15	0.21
YA298	32	38	6	0.83	0.02
YA299	47	54	7	0.67	0.11
YA300	36	50	14	0.60	0.11
YA301	10	22	12	0.94	0.07
YA304	60	67	7	0.88	0.04
YA311	8	18	10	0.76	0.05
YA314	70	76	6	0.68	0.04

[Assay results have been received for 25 of the 38 holes drilled to date]

Young Project Background

The Young project area contains 167 million tonnes of nickel/cobalt laterite resource at a grade of 0.72% nickel and 0.07% cobalt. Within these licences, extensive drilling has yielded resources in the indicated and inferred category of greater than 1.2 million tonnes of nickel, greater than 120,000 tonnes of cobalt and greater than 5000 tonnes of the exotic metal scandium. The high iron content of the hematite and limonite zones indicates potential for the production of iron concentrate.

While the Young project is relatively low grade in comparison with other laterites, it enjoys the advantage of size and an excellent location with ready access to a major national gas pipeline for cogeneration of steam and power. Jervois Mining is seeking to develop a hydrometallurgical process that would place nickel production from Young in preferably the lower one third range of nickel production costs worldwide.

Four separate deposits have been delineated, three of them over the same serpentine belt, but separated along strike by either fresh, unaltered, serpentine or by tertiary erosional alluvial infill.

The deposits occur over a strike length of 30 kilometres with widths of 200 to 600 metres and are classified in the Indicated and Inferred categories.

Jervois Mining Limited holds 132 square kilometres under exploration licences.

Chloride Leach Testwork, Young

During the quarter, work continued on laboratory bench scale hydrochloric acid re-generation from chloride leach pregnant liquors at Metcon Laboratories in Sydney and confirmatory tests are still planned at CSIRO in Perth.

Major advances have also been made in our ability to successfully agglomerate the different Young resource ore types in both chloride and sulphate heap leach systems as a prelude to potential heap leach processing of a wide range of low grade ore types in either the chloride or sulphate leach systems. Follow-up column leach testwork will be required to confirm agglomeration conditions in larger scale leach columns, when the heap leaching option is given further consideration.

As shareholders have been aware, a successful hydrochloric acid re-generation phase is critical to the success of any chloride leaching process applied to the Young resource. In addition to its current evaluation of chloride leach technology proposed by its Canadian consultant, the company has recently agreed to assess a novel variation of the chloride leach chemistry proposed by an independent group with metallurgical expertise.

NYNGAN, NSW (Gilgai Resource) **Nickel, Cobalt and Scandium in Laterites** **Exploration Licences 6009, 6095 and 6096**

Scandium Resource Statement			
Category	Tonnes	Grade (ppmSc)	Overburden Ratio
Measured	2,718,000	274	0.81:1
Indicated	9,294,000	258	1.40:1
Total	12,012,000	261	1.10:1

These refractory resources have proved difficult to treat successfully although at laboratory scale some success was achieved using hydrochloric acid in a chloride brine solution.

At Xstrata in Canada, the company has commissioned a series of small scale smelting tests as reported last quarter. The results from this testwork are expected shortly.

At other laboratories, possible novel chemical or organic routes to scandium recovery have been investigated. These tests are expected to last for several months.

URANIUM EXPLORATION JOINT VENTURE – WA **Exploration Licences 59/1264, 77/1332, 1333, 1345** **Exploration Licence Applications 59/1257, and 77/1440, 1441** ***New Age Exploration Limited earning 60% over 3 years***

Exploration Licence 59/1257 at Nalbarra received no objections in the advertising phase and is expected to be approved and recommended for granting in the near future.

The study, commissioned earlier this year, to research the airborne radiometric data over this licence states:

“Within E59/1257, approximately 20 isolated high uranium responses, up to 2.5 square kilometres in area, extend along the Cainozoic drainage associated with Mongers Lake for a distance of 27 kilometres. The zone of highest values is north of Nalbarra Homestead at 6721000N, 560200E.

Low potassium and thorium responses from these areas confirm that the uranium responses are from the Cainozoic alluvial material and not buried Archean granitic rocks covered by the alluvium”.

A programme of surface sampling of the anomalous areas within both E59/1257 and adjoining E59/1264 will commence in August 2007.

Drilling of all the exploration licences prospective for uranium is planned as soon as ground conditions allow.

BULLABULLING GOLD MINE – WA
Mining Leases 15/282, 483, 503, 529, 554 and 1414
Exploration Licence 15/841
Prospecting Licences 15/4660-4662

Gold production continued from the heap leach and 427.8 ozs of fine gold was produced and sold through AGR Matthey in Kalgoorlie for \$336,105.00. Sales are down from the previous quarter due to problems with the activated carbon in the recovery columns. These problems are being addressed as a matter of urgency.

Dicksons South

Arrangements have been made to treat up to 5000 tonnes of ore at a treatment facility in Kalgoorlie where the contained gold will be recovered as dore bars and sold in the usual way.

Carting of the ore from Bullabulling to Kalgoorlie has commenced and about 400 tonnes has been delivered to the ROM pad.

BULLABULLING SOUTH, WA
Prospecting Licences 15/4742-48
Prospecting Licence Applications 15/4798-99 and 4887
New Age Exploration Limited earning 60% over 3 years

Prospecting Licences P15/4798 and 4799 have been approved and recommended for granting – a process that normally takes only a few days.

A contract has been let to drill the targets found in the ground magnetic and induced polarization surveys conducted earlier this year. The programme of some 2500 metres of reverse circulation drilling is scheduled to commence in early August 2007. The targets of the drilling programme, with depths to 150 metres, are nickel/copper sulphides (as at the nearby Nepean Nickel Mine) and gold mineralisation (similar to the Bullabulling gold mines).

All preparation logistics for the programme are in place including completion of drill sites and access tracks.

The company considers this to be an exciting exploration programme.

FOREST REEFS JOINT VENTURE, NSW
Exploration Licence 4620
Newcrest Operations Limited 80%
Jervois Mining Limited 20%

Newcrest Operations Limited advised that while no field work was carried out, EL4620 has been fully renewed for two years to 18 November 2008.

Expenditure on exploration for the quarter was \$426,676.

By Order of the Board,



DUNCAN C. PURSELL
MANAGING DIRECTOR

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by A. Jannink FAusIMM of Douglas McKenna & Ptnrs Pty Ltd

A. Jannink 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'. A. Jannink consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.