

# JERVOIS MINING LIMITED

A.B.N. 52 007 626 575



31 October 2008

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

## QUARTERLY REPORT TO 30 SEPTEMBER 2008

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

#### "Frame Agreement" for Young Nickel/Cobalt Resource

PARTICIPANTS: The Company, China Railways Group Limited Resource Development Branch and Yunnan Jiaming Technology & Industry Company Limited.

The above Frame Agreement, announced to ASX on 3 June, 2008 required all three parties to enter into a formal Cooperation Agreement on or before 31 October, 2008. Draft Agreements of the latter were exchanged and discussed but the parties were unable to reach agreement before this deadline.

It follows that, under the terms of the Frame Agreement, the arrangements between the parties in relation to the Young Nickel Project may terminate.

If the Agreement is not finalized by the due date, the Board remains confident that shareholders will still benefit from the valuable resource at Young. Jervois will still own 100% of the resource. The Company believes it is very close to having its own 'chloride' process and will actively pursue other investors for the project.

## Young Nickel/Cobalt Drilling Results

The latest significant intervals from recent drilling at Young, NSW are highlighted below:

<b>Drill Hole</b>	<b>Northing MGA</b>	<b>Easting MGA</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Ni %</b>	<b>Co %</b>
YA395	6215519.36	597131.96	1	4	3	0.87	0.028
YA398	6215030.98	596822.90	7	22	15	1.15	0.025
<i>including</i>			8	16	8	1.42	0.025
YA399	6215147.35	596773.49	16	28	12	0.91	0.082
<i>including</i>			16	19	3	0.77	0.203
YA400	6215129.59	596858.84	4	9	5	0.98	0.086
<i>and</i>			11	23	12	1.19	0.046
<i>including</i>			18	23	5	1.63	0.056
YA401	6215382.82	596811.63	9	21	12	0.80	0.037
YA402	6215396.16	596858.00	16	20	4	0.94	0.043
YA403	6215408.36	596988.95	2	15	13	0.85	0.123
<i>including</i>			2	11	9	0.86	0.161
YA404	6215481.94	596824.28	8	14	6	0.95	0.041
YA405	6215493.12	596924.64	10	13	3	0.76	0.143
YA406	6215504.43	597013.87	2	19	17	0.80	0.110
<i>including</i>			2	6	4	0.86	0.328
YA408	6215599.98	596950.82	10	14	4	0.96	0.122
YA409	6215620.37	597035.02	2	11	9	0.98	0.093
<i>including</i>			2	5	3	1.04	0.146

## Update on Jervois Young Nickel Laterite Processing Flowsheet

Recent testwork in Australia and Canada suggests that a breakthrough in the iron hydrolysis processing step is potentially in sight. Batch hydrolysis tests in a local laboratory appear to have obtained up to 95% ferric chloride hydrolysis conversion to hematite and produced correspondingly high-strength acid for recycle to leach.

Further lab scale and future mini-plant testing are planned so that Jervois can pursue this highly encouraging development. The chloride leach technology being developed by Jervois could possibly provide an independent alternative to the chloride leach technology of Jervois' Chinese partners.

The purpose of the iron hydrolysis and acid recovery step is to convert iron and other by-product metal chlorides in the leach solution to hematite and other by-product metal oxides whilst producing concentrated hydrochloric acid for recycling back to the laterite leach step and concentrated low-iron solution for impurity removal and nickel hydroxide/metal production.

## **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 – September Quarter

176 fine ounces of gold was produced and sold for \$414,589. Mining operations have been suspended but gold continues to be leached successfully. Any upward trend in the gold price might change matters. The turmoil in world markets could easily drive the gold price upwards from November.

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

**Scandium Resource Statement**

<b>Category</b>	<b>Tonnes</b>	<b>Grade (ppmScandium)</b>
Measured	2,718,000	274
Indicated	9,294,000	258
<b>Total</b>	<b>12,012,000</b>	<b>261</b>

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 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. Estimates of 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 in providing a stable source of supply.

**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 km<sup>2</sup>). 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**

<b>Hole Number</b>	<b>Northing m MGA</b>	<b>Easting m MGA</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>Nickel %</b>	<b>Cobalt ppm</b>
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

Further drilling is planned for 2009.

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

For the September Quarter, NOL have reported as follows:

“Drilling of diamond drill hole FRNC017 commenced at EL4620 – Forest Reefs JV on 29 September 2008. FRNC017, with a nominal depth of 900m is designed to test the southeast strike extent of broad anomalous porphyry gold and copper mineralisation intersected in historic diamond drill holes FRNC005 (274m @ 0.18 g/t Au, 0.07% Cu from 282mdh) and FRNC008 (83m @ 0.22 g/t Au, 0.32% Cu from 435mdh).

Table 1: DDH FRNC017 location details

Hole ID	Hole Type	MGA East	MGA North	RL	Nominal Depth (m)	Dip Degrees	Azim (mag)	Azim (MGA)
FRNC017	DDH	695369	6295415	932	900	-60	210	223

The hole has also been designed to test a prominent magnetic high and coincident gravity low anomaly. The geophysical signature is interpreted to correspond with a felsic intrusive complex identified through historic diamond drill holes FRNC005 and FRNC008, which were completed 500m to the west of the collar position for FRNC017”.

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

**BULLABULLING SOUTH, WA**  
**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 for geochemical anomalies was carried out in August/September. Assay results are awaited.

**URANIUM EXPLORATION**  
**Nalbara Exploration Licences 59/1264**  
**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.

## **DIAMOND EXPLORATION**

The Company is examining a number of areas considered by our consultant to be prospective for new diamond discoveries within Australia. Some analysts are predicting the shortage of 'gem' quality diamonds within a few years.

Expenditure on exploration for the quarter was \$512,636.

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 D.C. Purcell MAusIMM

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