

# JERVOIS MINING LIMITED

A.B.N. 52 007 626 575



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

## QUARTERLY REPORT TO 30 SEPTEMBER 2007

### **YOUNG, NSW**

#### **Nickel/Cobalt Laterite**

#### **Exploration Licences 5527, 5571 and 5152**

As reported last quarter, the company's hydrometallurgical test programmes continue in parallel with direct smelting tests which have the objective of producing ferro-nickel and/or nickel pig iron for sale. This latter approach is perhaps the most likely avenue to fast production but dissolution of nickel and cobalt in a magnesium chloride or similar brine has merit also if the hydrochloric acid can be recovered for re-use.

Various overseas groups seem to be fully aware of the potential of the Jervois tests and resources as there has been a sharp increase in the number of interested parties making inquiries. Some of these originate from the company's Chinese agent, Double Link Pty Ltd.

Guang Ye, with whom the company had a Memorandum of Understanding (now expired) have dropped out only to be immediately replaced by Guangdong Province New Technology, Zhuhai PR China. There are three other major Chinese groups active also and requesting meetings with Double Link. There is also great interest from a mining and smelting group based in the Philippines which has opened discussions directly with the company.

All this activity points to the strong possibility of a partner for Jervois and the resultant potential for an increase in shareholder value.

### 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 a significant resource 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 could produce nickel in the lowest one third of the international production cost curve.

The Young project is also favourably located for access to coal and/or coke from the Hunter Valley region of New South Wales for smelting requirements for ferro-nickel and/or pig iron production.

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.

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## 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. Confirmatory tests are still planned at CSIRO in Perth and/or at a laboratory in Montreal.

Major advances have also been made in agglomerating the different Young resource ore types in both chloride and sulphate heap leach systems. This would be 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 commenced assessment of a novel variation of the chloride leach chemistry proposed by a major independent group with significant metallurgical expertise and a long record of successful commercial hydrometallurgical process development.

## Outotec Oy – Batch Laboratory Tests

The company signed an agreement with Outotec Oy (formerly Outokumpu Technology) to cover testwork to be carried out in Finland on behalf of Jervois Mining Limited. The work is assessing a novel variation of the chloride leach chemistry which Jervois has, through its consultants, been testing for several years. The Outotec variation of chloride leach chemistry uses sodium chloride and has been successfully applied to the treatment of copper concentrates in the Outotec HydroCopper Process and shows promise for lateritic nickel.

Four samples from Young, NSW were despatched to Finland and the work is expected to be completed within 3 months.

A preliminary table of metal recoveries is given below:

<b>Feed</b>	<b>Ni (%)</b>	<b>Fe (%)</b>	<b>Co (%)</b>	<b>Sc(s) (%)</b>	<b>Mg (%)</b>	<b>Mn (%)</b>	<b>Zn (%)</b>	<b>Al (%)</b>	<b>Ca (%)</b>	<b>S (%)</b>
<b>Hematite</b>	77.5	74.6	91.2	75.8	46.9	92.6	43.2	46.6	68.8	-37.9
<b>Limonite</b>	95.1	94.4	98.2	>90.8	74.7	98.2	80.2	71.9	77.5	20.9
<b>Saprolite</b>	98.1	96.4	>93.2	>86.2	67.0	96.5	77.4	74.6	66.1	-137.3
<b>W. Serp.</b>	98.6	95.0	>65.9	>72.5	83.3	90.7	36.1	83.1	47.0	-155.7

## **NYNGAN, NSW (Gilgai Resource)**

### **Nickel, Cobalt and Scandium in Laterites**

### **Exploration Licences 6009, 6095 and 6096**

<b>Scandium Resource Statement</b>			
<b>Category</b>	<b>Tonnes</b>	<b>Grade (ppmSc)</b>	<b>Overburden Ratio</b>
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. The process requires that the hydrochloric acid be recovered.

At Xstrata Process Services in Canada, the company has commissioned a series of small scale smelting tests as reported last quarter.

As hoped, the scandium content reported to the 'slag' component. Further smelting tests are in progress to build up a sufficient quantity of slag for a meaningful scandium extraction test on the slag at Metcon in Sydney. This work should be complete by 31 December 2007.

**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. However the Standard Heritage Agreement executed by Jervois Mining Limited has not as yet been executed on behalf of the Badimia claims group due to the reported presence of culturally significant sites. About 5% of EL 59/1257 overlaps a Native Title Claim by the Badimia group. A meeting with this group is scheduled for 24 October 2007.

Observation of ground conditions at Lake Giles and Lake Barlee where 3 exploration licences are held has been on-going. It is expected that exploration by drilling will be carried out there in October/November 2007. This will be followed by drilling on EL59/1264 at Nalbarra.

All the above licences are prospective for uranium mineralisation.

**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 200 ozs of fine gold was produced for the quarter and sold through AGR Matthey in Kalgoorlie for \$159,593.00. An average price of \$800.00 per oz, net of smelting charges, was received. Gold recoveries are lower than expected, production costs higher than expected and carbon scaling with limestone has reduced gold loadings on carbon to the order of 1500 g/t carbon. An investigation of carbon column feed and product solution composition with Occtech in Perth is expected to assist in identifying the cause of scaling and the selection of an improved anti-scalent.

Dicksons South

A Processing Agreement was signed with Lakewood Mill Pty Ltd in Boulder for the treatment of about 5000 'wet' tonnes from open pit mining at Dicksons South. This ore was transported to Boulder and actual milling of the ore began on 12 September 2007. Ore treatment was still in progress at 30 September 2007. Because the mill operates on one shift only, milling is now expected to be completed by 27 October 2007. The gold will then be 'stripped' from the carbon from the CIP plant and smelted in the Lakewood gold room. This process should be finalised by mid-November 2007.

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

As foreshadowed in the last quarterly and following the interpretation of various Induced Polarization (IP) anomalies, drill testing was completed in August 2007. Seventeen reverse circulation holes were drilled for a cumulative 2030 metres. No assays of significance were obtained for gold or base metals. The visible sulphide in some of the drill holes was less than indicated by the IP results and the effect is thought to have been caused by 'clay' zones in the numerous shear zones observed in the drill logs.

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

There was no field work during the quarter. A joint venture meeting held on 21 August 2007 approved the 2007-2008 exploration programme. Jervois Mining Limited will contribute its 20% share of the proposed exploration programme.

Expenditure on exploration for the quarter was \$318,694.



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.