

Date:22 April 2016 ASX Code: JRV

### **Announcement**

## **Letter to Shareholders**

The attached correspondence was sent to shareholders yesterday.

By order of the Board

Roger Fairlam

Company Secretary





19<sup>th</sup> April 2016

JRV
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

## Dear Shareholder,

The company has made an interesting Scandium discovery - fully reported to shareholders in the usual way, over the last two years. At present, the market for Scandium and its derivatives is a fledging industry, in which the end-users mostly have their own sources of supply. This supply can come from Russia, China or Japan – often produced as a by – product from other mineral concentrates. The market is small and the uses are niche.

There is a possibility that, if demand increased for the metal or its oxide, a cluster of Scandium resources owned by Jervois, located at Flemington, near Syerston, in NSW and also one at Nyngan over which we have royalty rights, might become of great future significance. Collectively these resources are the most important and best grade in the world, thus far found.

This sort of situation can attract people who seek to Rule the World. It can happen in any commodity: Jim Fisk tried it with Gold about 100 years ago, and in our collective memory the Hunt Brothers, more recently, tried it with Silver! All failed to corner the market, and rightly so.

Almost as soon as Jervois announced its remarkable Scandium discovery near Syerston, the overtures from these people began. One in particular is now known as Scandium Development International Pty Ltd (ex - Australian Antimony). It all started with a 'spreadsheet' from this crowd which envisaged the complete takeover of Platina Resources Ltd (ASX: PGM), Jervois and Metallica Minerals Ltd (ASX: MLM). This secret exercise was unfunded, unsupported and collapsed of its own accord. Over the last two years, four or five further 'offers' and 'proposals' from SDI have followed, unsolicited, untested and unverified. None has been of commercial or technical merit that would benefit Jervois shareholders; in our opinion, the only benefits from any of these ideas would accrue to the folk behind SDI.

In recent times, some of you would have received a letter or letters from a director of SDI, voicing various complaints about the writer and indeed the whole Board of Jervois. Some of their comment is quite defamatory. This is a classic 'dummy spit', perhaps because we refuse to believe the proposals put forward by said outfit. To the best of our knowledge, none of the other players listened to their overtures either! On the off chance that we had misread the situation, SDI was invited to place its proposals before a neutral and competent person selected by Jervois for evaluation. This proposal was ignored - that told us all we needed to know. The proposals lacked substance and our judgement, on behalf of shareholders, was confirmed.

Now SDI has moved away from simple defamation of the existing Board and an attempt to gain advantage over shareholders by proposing at the time of the last AGM, to have Jervois, among other things, buy out Scandium Development International Pty Ltd, for something in excess of One Million dollars. That would richly reward SDI, which has outlaid all of one thousand dollars in building a minor shareholding in Jervois, but we believe it would be highway robbery of Jervois shareholders.

Acting in your interests, your present Board will not buy out SDI. There is nothing to buy so far as we can see.

We do not need SDI in order to develop the Flemington deposit or to find buyers for the product. In the writer's experience, mineral buyers do not operate through intermediaries. They buy from the miner itself. (See our letter to SDI dated 14/4.2016, attached.)

Acting in your interests, JRV is working on the value-adding process which would allow actual production of Scandia (Sc2 O3) from run of mine product. That would be a substantial breakthrough: we have not yet finalised it to my satisfaction, but our progress is steady and represents considerable investment by your company of time and money over recent years. The likes of SDI are keen to get their hands on our work at bargain-basement prices: do not be sucked-in by them.

We appreciate your support and welcome your feedback.

Yours Faithfully

Duncan Pursell. Managing Director

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14 April 2016

The Directors
Scandium Developments International Pty Ltd
A C N 121 053 736
Suite 305, Level 3, 35 Lime Street
Sydney NSW 2001

By email: rkarn@s-d-i.net; bdawes@psec.com.au

Dear Sirs,

#### Your letter to JRV shareholders dated 29 March 2016

I attach a copy of correspondence dated 29 March 2016 which I understand you to have sent to shareholders of Jervois Mining Ltd (JRV).

SDI has, for some time now, endeavoured to distract the JRV Board and JRV shareholders by engaging in the practice of making untrue assertions regarding the activities and intentions of the JRV Board and the history and prospects of this Company.

#### False statements by SDI

The attached letter demonstrates a reckless disregard of the truth in many of the assertions which it makes.

By way of the most egregious examples, SDI's latest letter makes completely false allegations, regarding the Bullabulling gold project, the Young Nickel project and the Nyngan Gilgai scandium project. Their untruthfulness can be demonstrated objectively from facts on the public record:

- The Bullabulling project was a leach –heap operation, reliant on gravity-fed percolation over time for production. Throughout the Company's operations, the gold price was relatively steady. Still, the Company profited handsomely by selling it on favourable terms, with ongoing royalty rights.
- On the Young Nickel project, it was China Rail which repudiated the deal, for which, as it turned out, they had no technical expertise and probably insufficient capital. It was not JRV who 'walked away'.
- JRV in no way 'lost' the Nyngan Gilgai litigation. JRV's position was warranted and strong its joint venture partner had not satisfied its earn-in obligations. Subsequent litigation between unrelated parties confirmed the validity of JRV's interpretation on the key issue. It was undoubtedly in the best interests of shareholders to settle the case on advantageous terms, as JRV did.

SDI continues to make unsubstantiated allegations that the JRV Board is not acting in the best interests of JRV shareholders. These are false and defamatory assertions. No evidence is cited – it is mere assertion of a stranger to the Company: we note that SDI first appeared on the Jervois share register in August 2015, with an investment in JRV of no more than about \$1,106 (22,104 shares). At that level, JRV shareholders are entitled to wonder about the true standing of SDI's commitment to their interests.

#### **SDI lacks substance**

SDI continues to claim that it is in discussion with 'third parties' regarding JRV assets (yet SDI admits its off-take discussions have been stalled, apparently, since February 2015). The question remains: Why would a credible purchaser of scandium or scandium oxide not come directly to JRV? SDI has no standing or authority to act for JRV. Why would a credible purchaser or end-user seek to contract with JRV via an unendorsed intermediary, which has no commercial relationship with JRV?

In truth, from everything we have seen, SDI has no relevant experience and no track-record: founded in 2006 as an Antimony company, it then seems to have rebadged itself as a "Global Resources and Energy" player, before now setting itself up as a scandium spruiker.

In contrast, JRV has operated for over 50 years. In a world where mineral exploration and development is an inherently risky and cyclical business, that is itself a significant achievement. Among its portfolio, JRV has an important and valuable scandium asset; it is working steadily to solve the technical issues to bring its product to market; it is getting on with the job. Meanwhile SDI manoeuvres for its own benefit.

In addition, investing for the future, JRV has also assembled parcels of other prospective tenements. As we always have done, we are evaluating them methodically and cost-effectively. That is the raison d'etre of the Jervois; it is not our purpose to be the plaything of wheelers and dealers.

#### JRV is looking after its shareholders

Finally, the Board has provided small shareholders – some of whom hold as few as a dozen shares – with the option of selling at no cost; or, if they wish, of buying at least \$500 worth of shares, free of brokerage, so as to constitute a marketable parcel. Why you should sneer at such steps - which offer shareholders choice and a facility at no cost to them individually - is not apparent to me. I suggest it is JRV and its Board who respect shareholders.

In conclusion, SDI's grandstanding and theatrics aside, little has changed since we wrote to SDI in November 2015. We attach a copy of that letter as what we said then bears repeating:

Jervois and its Directors reserve their rights generally.

Yours Faithfully

Duncan C Pursell Managing Director

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Mr Richard Karn Scandium Developments International Pty Ltd (A C N 121 053 736) Sydney NSW

Dear Mr Karn

# **Application for shortfall shares**

Further to your correspondence, we advise that the Board of Jervois has used the opportunity presented by the availability of shares for placement principally to secure valuable new tenements to expand the Company's exploration portfolio.

I attach a copy of the Company's announcements to the ASX on 6 November 2015.

In respect of your company's approaches to Jervois, it is important that you are strictly accurate in all your communications with our shareholders. For example, you must make clear that:

- the approaches of you and your associates to Jervois, both originally and of late, were unsolicited;
- at no time has Jervois engaged you or your associates to work with Jervois or 'help it' or advise it;
- your offers and proposals are not disinterested but are designed to obtain commercial benefits for you and your associates;
- your economic interest in the Company is relatively recent and modest.

You have been in contact with us periodically over 17 months or so. In that time you have come up with, by my count, at least five different proposals. None of your 'offers' or ideas has commended itself to the Board of Jervois as being sufficiently certain, commercially tenable or in the best interests of the Company as a whole. In my judgement, each would have allowed you to take control of the Company or one of its significant assets at cheap prices. When we invited you to consider more commercial terms, the offers went nowhere.

Shareholders can be the judge of who would benefit from your activities. The Board, in the meantime, is focused on achieving lasting value for shareholders through the methodical pursuit of substantive results.

Lastly, we will not stand by while conduct leading to unacceptable circumstances occurs: we will act to protect shareholders' interests as may be required.

Yours sincerely

Duncan Pursell Managing Director

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