

Jervois



ABN 52 007 626 575

Dear Shareholder,

One very positive suggestion that came out of our AGM held on 27th November was to consider a procedure to address unmarketable small parcels of the Company's shares. If you hold a small parcel of shares this will be of interest to you. The Board has given this consideration and we have decided to proceed with an "Opt Out Sale" process under the Listing Rules (LR 15.13), coupled with a Share Purchase Plan (sanctioned by ASIC Class Order 09/425). This will enable small shareholders who do not wish to retain their shares in the company to dispose of them whilst enabling those who wish to have a marketable parcel to acquire more shares. Further details will be announced in the next ten days.

We, of course, would greatly prefer that you decide to remain shareholders but the procedure we have decided to implement is a very fair one that gives you the choice either way.

I take this opportunity to highlight several important developments which you should consider in choosing whether to retain your interest in the company. I summarise these from information contained in the company's latest quarterly reports:

- **Acquisition of Tenements**
Announcement to ASX of 6th Nov. 2015, notifying the acquisition, for fully paid shares only, of potentially valuable exploration assets, from Explaurum Limited. These tenements have strong potential for Tin, Tungsten and possibly Lithium minerals. Exploration work is being planned for the newly acquired North Queensland tenements, where there is good potential for Tin, Tungsten and possibly even Lithium in these complex pegmatites. Not unsurprisingly, a potential joint venture partner has already emerged.
- **WA Exploration Lease E80/4820**
Exploration work is planned for E 80/4820 located, some 600 kilometres west north – west of Alice Springs, near the WA/NT border. This is relatively unexplored territory; however, serious explorers now find it necessary to look further afield for potentially major mineral discoveries.
- **Royalties.**
The Company owns outright an attractive spread of Royalties encompassing 'gold' at Bullabulling and Forest Reefs, near Cadia, NSW. In recent days the strongly rising gold price is relevant.
There is also a royalty position over future Scandium product production from Nyngan, NSW. Based on encouraging reports in the local Press, this project seems to be advancing strongly.

- Syerston Scandium Project. (100% owned)
The calculated Total Resource reported, stands at 3,143,000 tonnes Measured and Indicated under the JORC Code at a grade of 434 ppm Sc as reported in the Company's Quarterly report announced to ASX on 29th January 2016. Subject to the usual financial constraints exploration work is planned for EL7805 at Syerston, to follow up on the hugely successful Scandium discovery (now a Measured and Indicated Resource under JORC Code).

Metallurgy.


Various options for treatment of the 'difficult' Syerston laterites have been and are being examined by the Company. For the present, High Pressure Acid Leach (HPAL) has fallen from favour. Jervois and its collaborators are investigating something totally different which shows much promise, especially for a Pilot Plant. The results should be available mid - year. This work is being carried out at our usual test facility.

It is crucial that the company positions itself well as the mining markets strengthen, as they have always and undoubtedly will again soon.

More generally, there remains widespread interest in the group of metals classed as the "rare earth group". Scandium is often linked with this group, as is lithium. The woods are full of folk trying to make markets in these metals, but the presently required quantities are quite small and trading is thin. Against the background of an underdeveloped market, in your Board's long experience, prospective producers (like Jervois) should deal only with reputable and genuine end-users. But we see no benefit to the Company in dealing with shadowy middle-men, who may or may not have contacts somewhere in industry somewhere in the world, who may or may not be interested in buying. You can be assured that Jervois is ready to deal with any real buyer of our scandium oxide. Any end-user worth their salt need only contact us direct.

Please let me know if I can be of any assistance in further clarifying the matters raised in this letter.

Yours sincerely,



Duncan Pursell
Managing Director