

Jervois



ABN 52 007 626 575

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ASX Code: JRV

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JOINT VENTURE WITH AUSTRALIAN MINES LIMITED (ASX: AUZ)

The Directors of Jervois Mining Limited are pleased to announce that a joint venture agreement has been signed with Australian Mines Limited to develop its Arunta West Project in the Lake Mackay district of Western Australia.

Full details are contained in the attached copy of today's announcement by Australian Mines Limited.

By order of the Board

Roger Fairlam
Company Secretary

23 May 2016

Australian Mines expands its gold and copper exploration through Central Australian joint venture

- Acquiring a majority interest in large tenement holding within an emerging Australian copper-gold province
- Located along strike of Independence Group's new Bumblebee copper-gold-silver-lead-zinc-cobalt discovery
- Region considered highly prospective for Ernest Henry-style copper-gold deposits
- Walk-up copper-gold drill target already identified within JV area by BHP Billiton – untested by drilling to date
- Complements Australian Mines' existing Dixon gold prospect – both projects potentially hosting significant mineralisation

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to announce that it has signed an agreement with Jervois Mining Limited (ASX: JRV) to acquire a majority interest in its promising Arunta West Project in the Lake Mackay district of Western Australia.

Project potential and nearby discoveries

As its name suggests, the joint venture project is located within the Arunta region of Central Australia (Figure 1), which is home to a number of celebrated gold and base metal discoveries including Newmont's Tanami Gold Operation that produces over 400,000 ounces of gold per year¹.

In addition to its gold potential, this region has long been considered prospective for large 'IOCG-style' mineralisation² similar to Glencore's 160 million tonne Ernest Henry copper-gold mine in Queensland.

This base metal potential was confirmed when, in October 2015, Independence Group, in partnership with ABM Resources announced a new copper-gold-silver-lead-zinc-cobalt discovery immediately east of Australian Mines' joint venture project area.

¹ Newmont Mining Corporation, Tanami Operations Fact Sheet, <http://www.newmont.com/operations-and-projects/australia-pacific/tanami-australia/operation-facts/default.aspx>, 20 May 2016

² Jervois Mining Limited, Quarterly Report to 31 March 2016, released 27 April 2016



Headline results from this discovery by Independence Group, now known as the Bumblebee Prospect, included³:

- 2 metres @ 7.4% copper, 1.3 g/t gold, 34.6 g/t silver, 1.3% lead, 1.6% zinc and 0.09% cobalt from 25 metres below surface,
- 7 metres @ 3.2% copper, 3.3 g/t gold, 37.7 g/t silver, 0.9% lead, 1.3% zinc and 0.08% cobalt from 30 metres below surface and,
- 5 metres @ 1.4% copper, 2.4 g/t gold, 12.4 g/t silver, 0.2% lead, 1.0% zinc and 0.10% cobalt from 48 metres below surface.

Since discovering Bumblebee in late 2015, Independence Group has now acquired all the available ground surrounding Australian Mines' Arunta West Project⁴, with First Quantum Minerals and Metals X also holding tenements in the vicinity (Figure 2).

In addition to the Bumblebee discovery directly east of the Company's project area, the area also hosts the Pokali copper prospect where previous drilling returned very encouraging intersections including 246 metres @ 0.22% copper from 4 metres, which included 12 metres at 1.1% copper from 168 metres⁵.

Historical exploration activity

The Company's Arunta West Project remains largely unexplored and presents Australian Mines with significant greenfield potential.

The most recent exploration within Australian Mines' joint venture tenements was undertaken by BHP Billiton back in 1999 – 2000. Based on reports⁶, BHP Billiton was attracted to this region for its potential to host large tonnage Olympic Dam / Ernest Henry-style copper-gold mineralisation.

Following initial reconnaissance exploration, BHP Billiton subsequently concentrated their activities on the 'North Dovers' target located in what is now Australian Mines' Arunta West Project (see Figure 3). This work revealed a coincident gravity-magnetic anomaly suggestive of an IOCG (iron oxide copper-gold) deposit and BHP Billiton subsequently reported a probable electromagnetic (EM) conductor associated with this buried gravity + magnetic feature⁷.

Despite the encouraging results returned from the North Dovers anomaly, including its apparent geophysical and structural similarity with the IOCG deposit of Glencore's Ernest Henry mine, the Company was unable to find any reports that BHP Billiton drill tested this promising target.

The North Dovers prospect, therefore, offers Australian Mines with a walk-up drill target.

³ ABM Resources, Announcing the Bumblebee gold-copper-silver-lead-zinc-cobalt discovery, released 6 October 2015

⁴ Jervois Mining Limited, Quarterly Report to 31 March 2016, released 27 April 2016

⁵ Ashburton Minerals Limited, New copper zones at Pokali, released 16 June 2010

⁶ Ashburton Minerals Limited, 2007 Annual Report, released 24 October 2007

⁷ Exploration and Discovery Services Pty Ltd, Preliminary data review for the West Arunta Project, internal report for Australian Mines Limited, dated May 2016



Following Independence Group's recent discovery of the Bumblebee Prospect in the Arunta, which appears at this early stage to potentially be IOCG-style mineralisation⁸, Australian Mines has since identified a number of additional copper-gold targets across its Arunta West Project, which the Company will also seek to test during future exploration programs.

Key terms of the joint venture agreement

Under the Arunta West joint venture agreement, Australian Mines has the right to farm into Jervois Mining's three exploration licenses of E80/4820 (granted), E80/4896 (under application) and E80/4897 (under application), which cover a total area of approximately 345 square kilometres.

The key terms of this agreement include:

- Australian Mines must spend a minimum of \$350,000 on exploration within 24 months of the signing of this agreement to acquire a 51% interest in the Arunta West Project.
- Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% (taking the total to 80%) in the Arunta West Project by spending a further \$3.15 million on exploration within a further 24 month period.
- Once Australian Mines has satisfied its earn-in obligations, with a resulting joint venture interest of either 51% or 80%, Jervois Mining may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula.
- Australian Mines will be the operator and manager of the Project.

Managing Director, Benjamin Bell commented, *"Since the Bumblebee discovery by Independence Group and ABM late last year, the West Arunta region is rapidly gaining attention as Australia's next emerging copper province.*

Our newly-signed joint venture with Jervois Mining has therefore granted Australian Mines the opportunity to acquire a majority interest in a prized piece of real estate within this developing copper province for minimal cost.

With BHP Billiton having already identified an Ernest Henry-style copper-gold target within our Arunta tenement package, this project comes with a bona fide walk-up drill target plus a number of priority anomalies that could quickly be progressed by the company.

When packaged up with our Dixon gold prospect, where our current RC drill program is presently targeting a high-grade gold zone, the Arunta West Project provides a strong and complementary focus for the company in Western Australia".

*****ENDS*****

⁸ ABM Resources, Announcing the Bumblebee gold-copper-silver-lead-zinc-cobalt discovery, released 6 October 2015



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Competent Person's Statement

Information in this report that relates to Arunta West Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

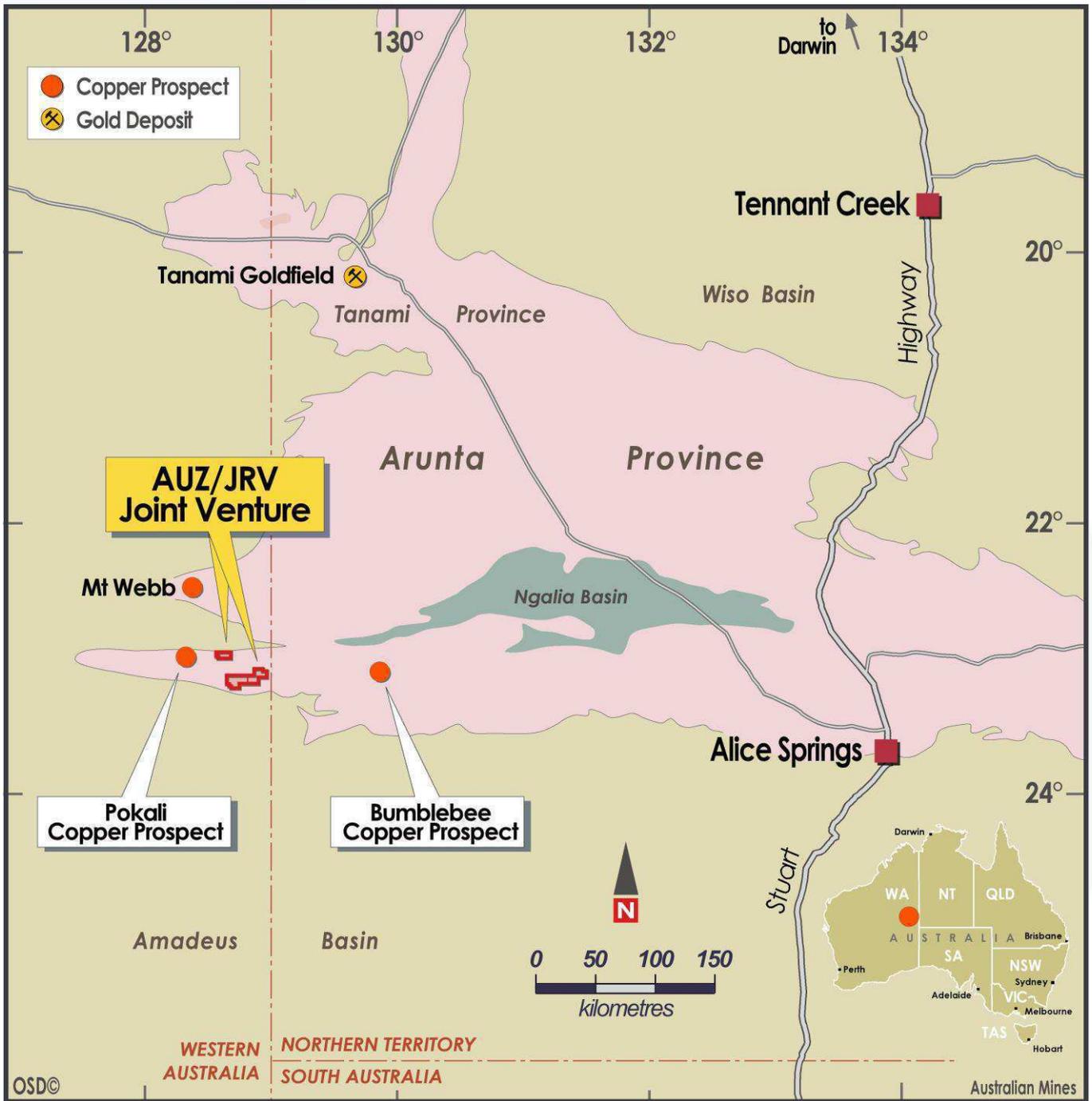


Figure 1: The Arunta West joint venture area, situated approximately 600 kilometres west of Alice Springs, covers an area of approximately 345 square kilometres in a region that is rapidly becoming known as Australia's next copper province. Under the joint venture agreement, Australian Mines (AUZ) may acquire a majority interest in the three Arunta West tenements from Jervois Mining (JRV) by spending \$350,000 in exploration by June 2018.

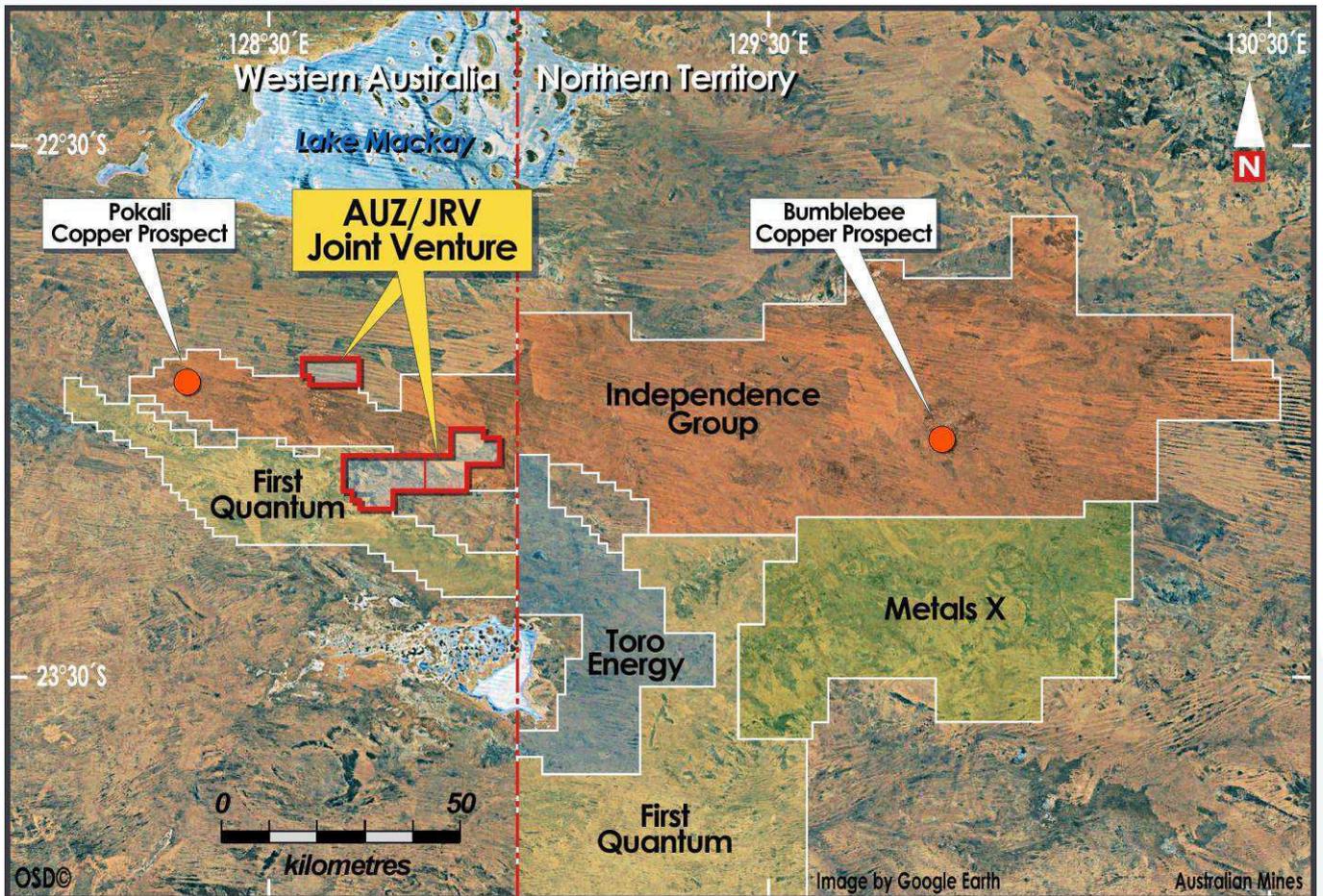


Figure 2: The tenement map of the Arunta copper province as at May 2016. The discovery of copper mineralisation by Independence Group (in partnership with ABM Resources) at its Bumblebee Prospect in October 2015, resulted in most of the available ground along the favourable host geology, including the ground immediately surrounding Australian Mines – Jervois Mining’s Arunta West tenements, being pegged by major mining companies.

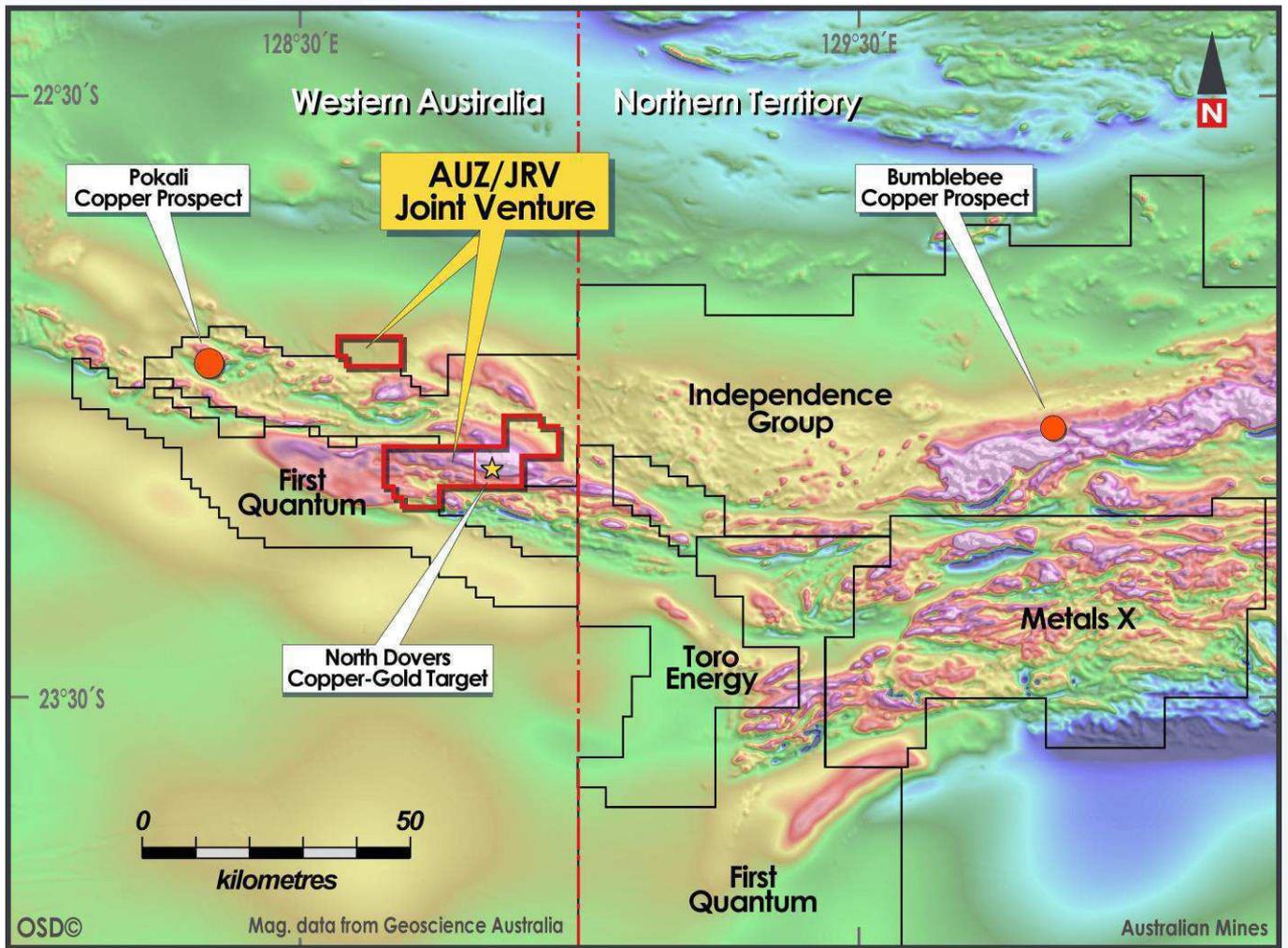


Figure 3: The regional aeromagnetic (reduced-to-pole) image of the western Arunta region. In 1999 – 2000, BHP Billiton identified the North Dovers prospect as a potential Ernest Henry-style copper-gold target⁹ within what is now Australian Mines' Arunta West Project. The North Dovers target comprises a coincident gravity-magnetic anomaly, with apparent structural associations and a probable electromagnetic (EM) anomaly associated. Despite the target's geophysical response and structural setting appearing to have potential analogies with known IOCG (iron oxide copper-gold) deposits, no drilling has previously been undertaken across the North Dovers prospect. This copper-gold prospect, therefore, represents a walk-up drill target for Australian Mines.

⁹ The Ernest Henry deposit, which was discovered by WMC in 1991, had a total reserve + resource prior to the commencement of mining in 1998 of 167 million tonnes @ 1.1% copper & 0.54 g/t gold, which equates to 1.8 million tonnes of contained copper and 90 tonnes of contained gold (<http://www.cet.edu.au/docs/presentations/1430-tim-craske.pdf?sfvrsn=2>)