



A.B.N. 52 007 626 575

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

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## QUARTERLY ACTIVITIES REPORT TO 31 December 2016

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### HIGHLIGHTS:

- **Appointment of a new board of directors**
- **Strategic Review initiated**
- **Two (2) share-for-tenement deals cancelled**
- **Rolling option agreement signed for the sale of the Flemington scandium deposit**

### **Appointment of a new board of directors**

At an EGM held in Sydney on 24 November 2016, the board of Jervois Mining Ltd was removed and Richard Karn, Stephen van der Sluys, and Ken Koldenhoven were installed as new directors.

At the new board's first meeting on 26 November 2016, major shareholders Norman Seckold, John Byrne and John Newton were added to the board.

Stephen van der Sluys was appointed Chairman, and Richard Karn was appointed interim Managing Director.

Directors' fees were capped at \$1000/month until further notice.

At the AGM on 29 November 2016, Messrs Seckold, Byrne and Newton were confirmed as directors.

### **Strategic Review initiated**

The new board intends to bring higher standards of corporate governance and ownership responsibility to Jervois Mining Ltd.

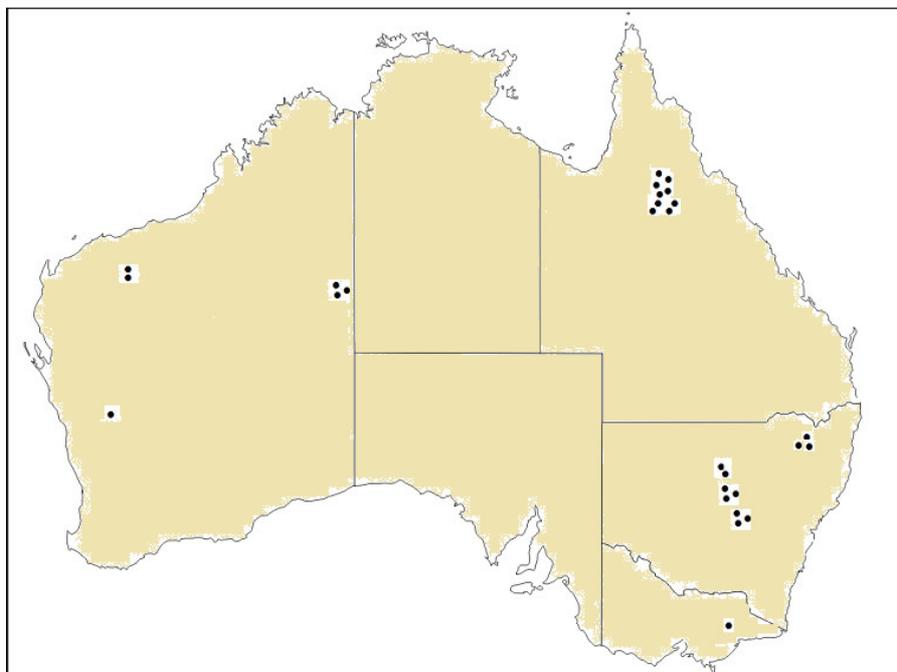
The new directors first order of business was to commence a strategic review of the Company.

The board has made considerable progress in completing an evaluation of the company's assets and financial situation, but it is not yet in a position to propose a long term business plan.

The review process has proven more difficult than expected because of the poor filing systems at Jervois' head office and was slowed by the Holiday Season.

The situation is being rectified with all relevant information regarding Company tenements and research projects being assembled for detailed evaluation.

The board is committed to the immediate strategy of reducing overhead related to the Company's 28 tenements in 4 states:



Jervois Mining Ltd tenements as at 31.12.2016

Operational expenses can be reduced significantly by minimizing administrative overhead, consolidating personnel and roles, reducing tenement, storage and office leases, and focusing the Company's energies where they will best serve shareholders' interests.

In what will amount to a gradual restructuring of the Company, the strategic review will determine which assets and tenements to rationalize, which to join venture, and which to sell or relinquish.

The previous board incurred significant legal expenditures during the quarter, which can be found under Administrative and Corporate Costs (1e) in the Company's Appendix 5B ASX release, including a New South Wales Supreme Court judgment against the previous board regarding costs, which is under review.

It is expected the Strategic Review will be completed this quarter.

### **Two share-for-tenement deals cancelled**

Late in the quarter, management commenced negotiations regarding certain tenement-for-share transactions it considered to be somewhat inequitable.

Today, the board of Jervois is pleased to announce the cancellation of two (2) shares-for-tenement deals that will result in the Jervois Mining Ltd. share register being reduced by 6 m shares from 113.7 million to 107.7 million shares.

An Equity Reduction benefits all shareholders by equally increasing their percentage ownership of the Company.

Details will be released in due course.

### **Rolling option agreement signed for the sale of the Flemington scandium deposit**

On 7 October 2016, the previous board announced that it had optioned the Company's Flemington scandium project to a subsidiary of Australian Mines Ltd, Flemington Mining Operations Pty Ltd.

The Flemington scandium deposit, which has an elevated cobalt component, is located near Fifield, NSW and is contiguous with both Clean Teq Holding Ltd.'s Syerston project and Platina Resources Ltd.'s Owendale project.

The option agreement covers a series of five (5) rolling options over a maximum period of two years subject to the payment of non-refundable option premiums of up to \$2 million.

If the option is exercised, the purchase price will be \$6 million less the total amount paid to the date of the exercise in option premiums.

There will be a royalty applicable to sales of all mine products fixed at 1.5% of gross revenues.

Since entering into the option agreement, Australian Mines Ltd has engaged SRK Consulting Pty Ltd. to undertake an economic and technical scoping study on the Flemington project and have commenced the process of applying for a Mining License.

To date, Australian Mines Ltd. has made two option premium payments, totaling \$500,000, and \$1.5 million in premiums remain to be paid by 7 October 2018.

### **Jervois Mining Ltd.'s Assets**

The Company's value is underpinned by a number of assets and strategic investments.

Jervois holds shares in Explaurum Ltd. and New Age Exploration Ltd., currently valued in excess of \$675,000.

In addition to Flemington, Jervois Mining Ltd also has two compelling royalties.

Jervois holds a production royalty over the Nyngan Gilgai scandium project, owned and operated by Scandium International Mining Corp.

The 1.7% royalty on the sale of all mine products extends for a period of 12 years from first production.

In terms of value recognition, and subject to financing and receipt of a mining license, Scandium International Mining Corp expects to commence mine construction in 2017 and scandium production in 2018.

The Company also holds a royalty over the Bullabulling gold project in WA, which is owned by the Zijin Group's wholly owned subsidiary, Norton Goldfields.

The royalty is set at \$30 per ounce for the first 400,000 ounces of gold produced and \$20 per ounce thereafter—without upside limitation.

The most recent announcement in 2013 indicated a 3.2 million ounce JORC-compliant resource, but nothing has been released for some time regarding production or when it might commence.

A third, albeit more distant opportunity, is the 1.5% Net Smelter Return royalty the Company holds with Newcrest Mining Limited over Forest Reefs, a gold/copper project near Orange, NSW.

## EXPLORATION

Jervois has applied for, been granted, or purchased the following Exploration Licenses:

- Application for EL 006303 covers approximately 300 sq km near the town of Eildon, Victoria and is prospective for gold and antimony
- EL 8747, Area 1, near Fifield, NSW was granted in November and is prospective for gold and cobalt.
- EL 5370, 6-Block, near field, NSW was granted in December and is prospective for scandium.
- E45/3326, Gobbos: 51% of the project was purchased from Platypus Resources Ltd. (now Lepidico Ltd) in November; the project is situated 60km northeast of Nullagine in Western Australia and is prospective for molybdenum and copper.
- Application for EL 45/4849, Elsie, near Nullagine, Western Australia is prospective for molybdenum.

**The Exploration expenditure for quarter ended 31 December 2016 was \$64,259.**

## METALLURGY

Research and development work continued at CSIRO to optimize the scandium processing technology on which the Company has a patent pending.

The Company purchased a small shaking table for use at our ongoing project at Victoria University regarding the use of specific gravity differentials to upgrade various Company ore samples.

**As at 31 December 2016, Jervois Mining Ltd had a cash balance of \$436,227.**

At the Company's AGM on 29 November 2016, the re-election of Mr. Roger Fairlam as a Director was withdrawn.

John Byrne, John Newton and Norman Seckold were confirmed as Directors.

The adoption of the remuneration report was passed, so the spill resolution was not required in accordance with the Corporations Act.

### Late Addition:

Due to a very recent increase in his work load, Jervois director and major shareholder Norman Seckold has this day submitted his resignation.

The board of Jervois Mining Ltd. would like to thank Mr. Seckold for his valuable input during this time of transition and to wish him continued success in all of his endeavours.

By order of the Board.

Richard Karn  
Managing Director

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by S. van Huet (MAusIMM) and Mr D. Foster, (MAusIMM). S. van Huet and D. Foster have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. S. van Huet and D. Foster consent to the inclusion.

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