
QUARTERLY ACTIVITES REPORT TO 30 JUNE 2017

HIGHLIGHTS

- Financial position strengthened through a successful rights issue to shareholders and a placement to sophisticated investors raising \$2.3 million
- Work accelerated on the NiCo Young cobalt/nickel lateritic nickel deposit in NSW
- Corporate rationalisation continuing. Mr Stephen van der Sluys appointed Managing Director
- Cornerstone investment made in Elementos Ltd

CORPORATE

Following the successful rights issue to shareholders which raised \$1.3 million and a placement to sophisticated investors raising a further \$1million, Jervois is now in a strong financial position. In addition to the \$2.3 million raised, Jervois holds 10 million shares in Explaurum Ltd which at the time of writing are valued at \$1.2 million taking total cash and shares to \$3.5 million. The Board is actively pursuing other opportunities to improve this position.

In 2016, Jervois granted Australian Mines (ASX:AUZ) an option to purchase the Flemington Scandium nickel cobalt deposit for \$6 million cash, less any option payments.

Australian Mines has paid \$1 million in option payments to date and must pay a further \$500,000 in September and another \$500,000 in March 2018. The final payment of \$4 million is due in September 2018. It must also pay a 1.5 per cent royalty on the gross value of any minerals produced.

It is anticipated that the option payments, if made, will more than cover corporate overheads of the company.

These overheads have been significantly reduced. During the quarter the Cheltenham office was closed and the secretarial and accounting functions outsourced with consequent savings.

Mr. Stephen van der Sluys has accepted the position of Managing Director.

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PROJECTS

NEW SOUTH WALES

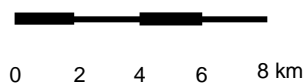
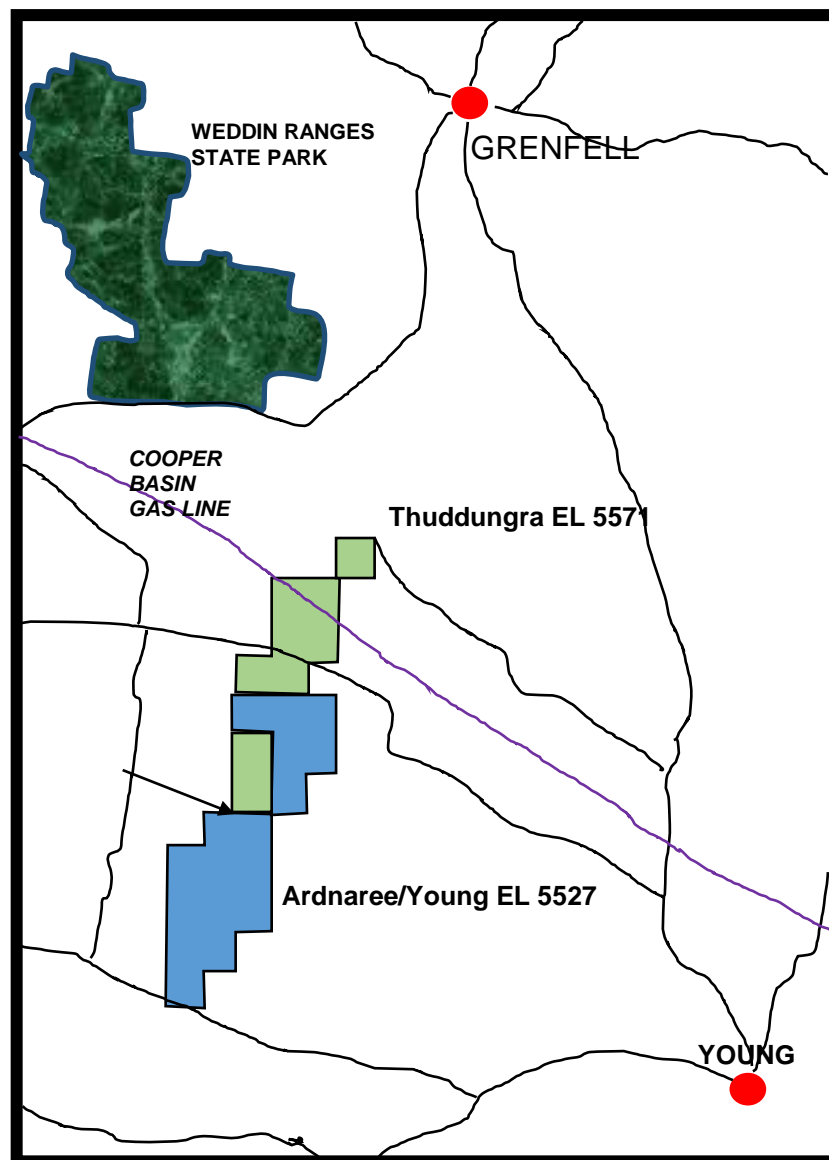
Young Nickel Cobalt Project; Young, NSW ELs 5527 and 5571

NiCo Young has emerged as the major remaining active project of Jervois. It consists of two exploration licences; EL's 5571 and 5527; approximately 25km north east of Young, NSW (Figure 1). A recent air core infill drilling program, completed in late July, produced 8 holes for 424m. Assay results are pending.

The world interest and potential demand for Electric Vehicles (EVs) has heightened the interest and raised commodity prices of raw material inputs into lithium ion batteries, in particular cobalt, nickel and lithium.

NiCo Young is ideally located geographically due to its proximity to the Cooper basin gas line, rail and major highways. There is increasing interest in companies that have deposits hosting materials in the lithium ion battery value chain in politically stable and safe jurisdictions such as Australia.

Figure 1. Young Nickel Cobalt Project tenement location.



The combined licenses contain inferred resources of 82 million tonnes at 0.79 per cent nickel (0.6% cut off) and 0.06 per cent cobalt (based on the 2012 Resource Calculation). Geo Stat Services has been retained to update the resource estimate to include the 2014 drilling program. The new calculation will be announced to Shareholders when it becomes available.

The mineralized ore-body contain areas of cobalt and nickel grades which are significantly higher than the inferred average. Metallurgical work has commenced to establish if these can be beneficiated using a two-step process.

Area 1, Group 1 Metals Project; near Fifield, NSW. EL 8747

In 2016 Jervois Mining applied for a new Exploration Licence north of EL 7805; Flemington. The license, EL 8747 'Area 1', was granted in November 2016. An initial on ground exploration program took place immediately. The exploration included surface sampling and ground reconnaissance and also sampled previous historical workings and mining tails on the tenement. Preliminary findings were positive for anomalously high gold and cobalt from a mine tailing sample.

A comprehensive desk top study, to be followed by an on-ground geological mapping and sampling program is planned.

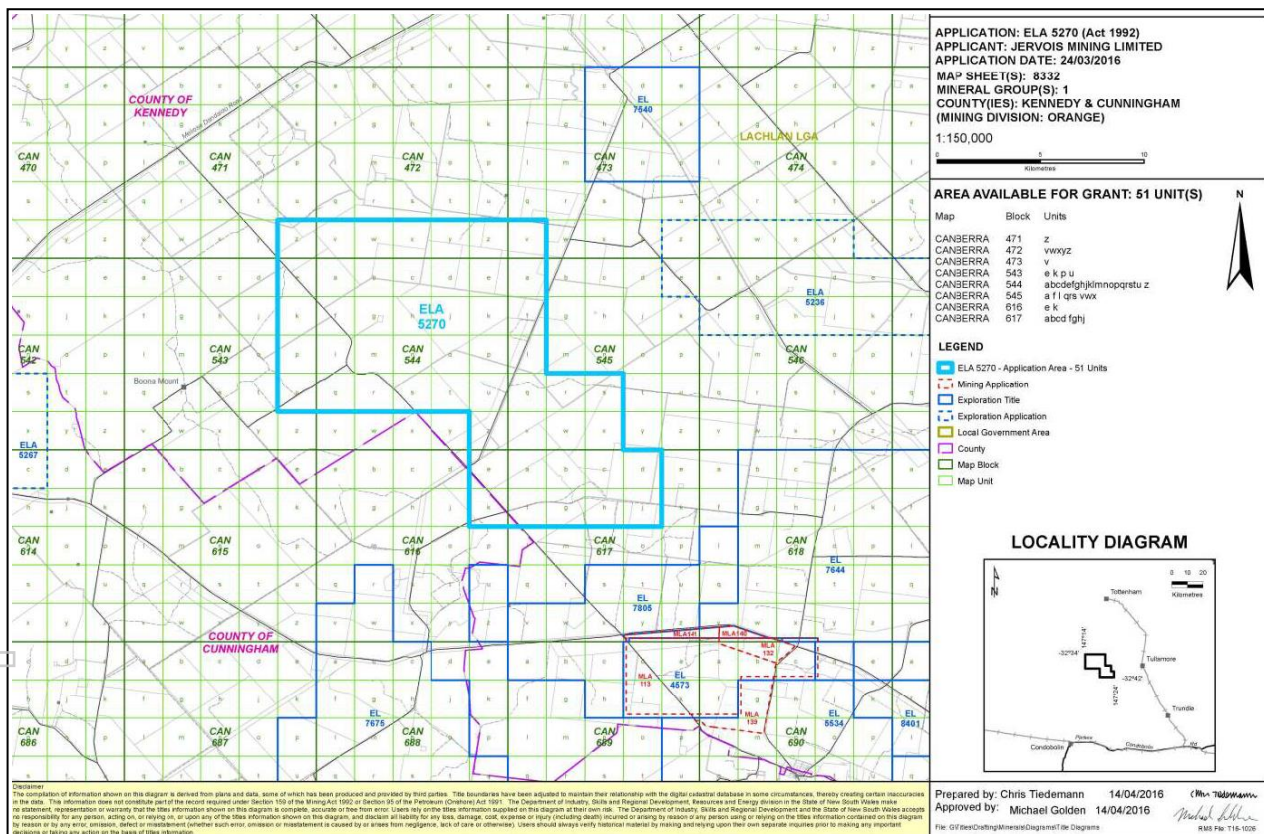


Figure 2: Location map of newly granted tenement - Area 1, EL 8747.

Flemington Scandium Project (near Fifield NSW) Exploration Licence 7805

As announced to Shareholders through the ASX in October 2016, an option was granted over all of EL 7805 to Australian Mines Limited – Flemington Mining Operations Pty Ltd. An update of the option details is provided in the corporate section of this report.

A calculated Measured Resource for scandium on EL7805 was completed and released to the ASX on the 19th August 2015.

Calculated Measured Resource: 2,675,000 tonnes@435ppm Sc.

Calculated Indicated Resource: 468,000 tonnes @426ppm Sc.

Calculated Total Resource: 3,143,000 tonnes@434ppm Sc.

Total Contained Scandium Metal: 1,363 tonnes.

Syerston North, '6 Block'; near Fifield, NSW EL 8546

EL 8546, '6 Block', comprising 6 units adjoining Jervois EL 7805 Flemington tenement, was granted in March 2017. This tenement is in annexure to the option and sale agreement with Australian Mines Limited. The units adjoins EL 7805 to the north east and encompasses the western flank of the Owendale anomaly. This section of the Owendale is considered prospective for scandium, as it shares similar geological and structural characteristics to the Tout anomaly to the immediate south.

A comprehensive desk top will be undertaken prior to an on ground work program, scheduled for 2018.

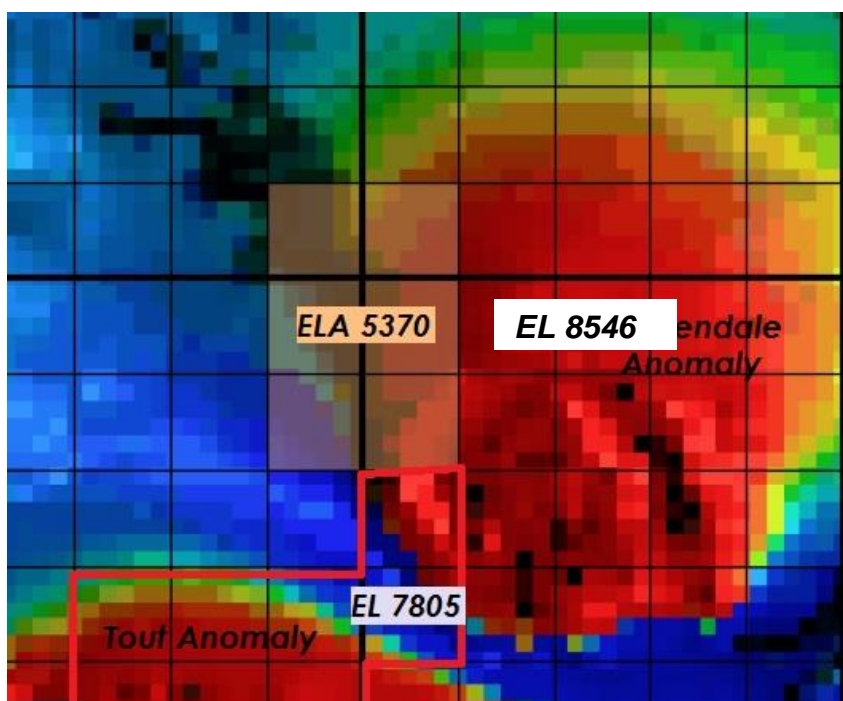


Figure 3: Location map of EL 8546, showing the location relative to the Owendale and Tout anomalies and to EL 7805 Flemington.

NORTH QUEENSLAND

Khartoum Tin Project, near Herberton, North Queensland.

EPMS 14797, 15570, 19112, 19113, 19114, 19203

The Khartoum Tin Project is composed of 6 tenements for 180 sub units (Figure 2). A specialist geological consulting company has been appointed to determine prospective tin targets in Jervois North Queensland tenements. The proposed work program will include on ground mapping, surface sampling, review of existing diamond cores and data, and design and targeting for a drilling program.

This work is expected to be completed by end of September this year, with a drilling program proposed for the second Quarter, 2018. The area is inaccessible during wet season. It is topographically rough and tracks are not graded.

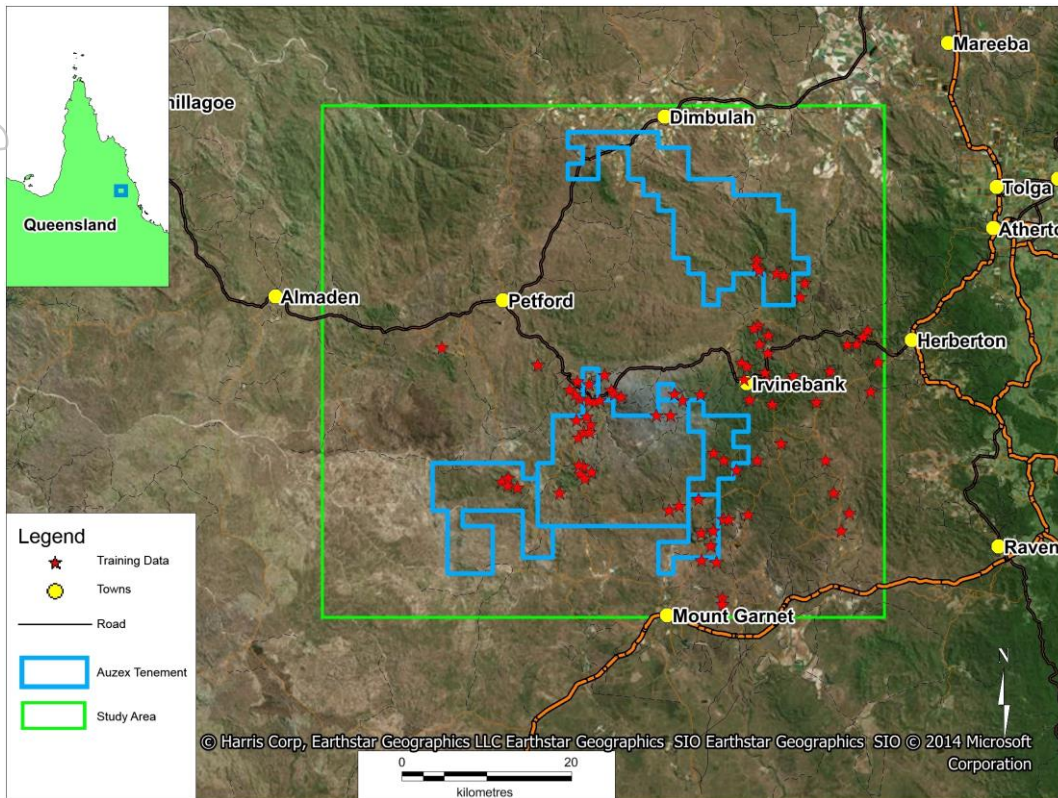


Figure 4. Location map of Queensland tenements (Stars indicate sites of historical mining)

WESTERN AUSTRALIA

West Arunta Project (northwest of Alice Springs, Western Australia) E80/4820, ELA80/4986 and ELA80/4987

The West Arunta project consists of three Exploration Licences; E80/4820 (granted) and applications ELA80/4986 and ELA80/4987, which cover a total area of approximately 345 square km. The project is located approximately 600 km west-northwest of Alice Springs within the Gibson Desert of Western Australia, near the Western Australian/Northern Territory Border (Figure 5).

In June 2016 it was announced to the ASX that a Joint Venture Agreement had been entered into with Australian Mines Ltd (ASX: AUZ) in relation to the Arunta West Project. Key terms of the agreement with Australian Mines Ltd include expenditure of a minimum of \$350,000 on exploration within 24 months to acquire a 51% interest in the project, at which point AUZ may elect to acquire a further 29% interest in the project by spending \$3.15 million on exploration at the project within a further 24 month period to bring the total AUZ interest to 80%. AUZ will be the operator and manager of the project.

During the December Quarter AUZ contracted a ground gravity survey company to test the North Dovers prospect (E80/4820). This survey will commence in the next Quarter.

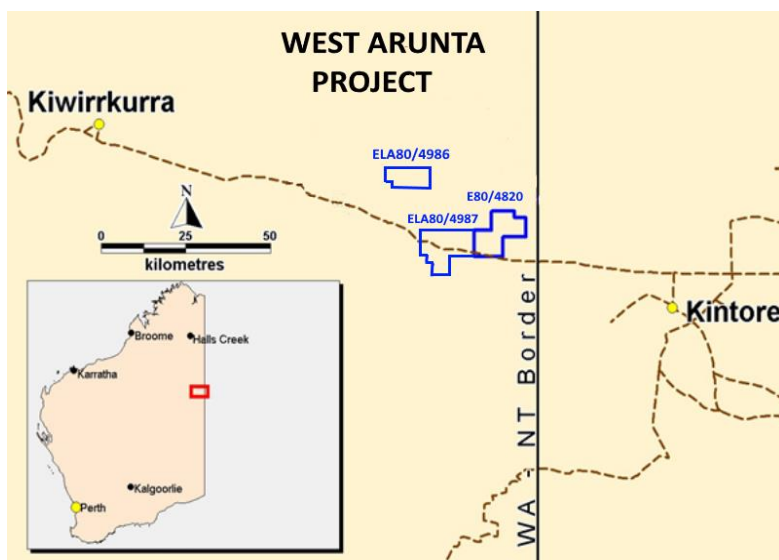


Figure 5: West Arunta location

The regional setting is highly prospective for large scale, iron-oxide copper gold mineralisation, with a large magnetic anomaly and walk-up copper-gold drill target in North Dovers (E80/4820), previously identified within the tenement holding by BHP Minerals (1998).

ELEMENTOS LTD

During the quarter the Board resolved to become a cornerstone investor in a \$2 million capital raising in Elementos Ltd.

Jervois invested \$480,000 in Elementos and in return was issued 80 million shares and 80 million options. The options entitle the holder to take up a further 80 million shares at 0.6 cents within 12 months.

If exercised Jervois would emerge with 10.3 per cent of the fully diluted capital.

The investment in Elementos reflects the policy of the new board of Jervois to drive growth by taking strategic holdings in promising resource projects with proven management capability.

Elementos has an exceptional management team headed by the major shareholder and Chairman Mr. Andy Grieg who ran the global mining unit of Bechtel for over 20 years.

The current capital raising by Elementos has the potential to raise \$4 million of which Jervois would, if it exercised its options, subscribe \$1.2 million.

These funds are considered sufficient to confirm the geological model and process flow sheet for reopening the Cleveland tin mine in Tasmania.

The tin price has risen strongly in recent years as a result of global undersupply. This position is expected to continue with Macquarie recently predicting an average tin price in 2019 of US\$23,000/t. One of the factors driving the tin market is the use of tin in the energy related technologies, particularly its application in electric vehicles, lithium ion batteries and lead free electronics.

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ROYALTIES

Jervois has four potential major royalty streams – Bullabulling, Nyngan, Flemington and Forest Reefs.

- **Bullabulling Royalty**

Jervois holds a royalty over gold production from the Bullabulling gold deposit in Western Australia.

The Jervois royalty covers approximately 84 per cent of the current total resource of 3.75 million ounces with likely upside potential. The deposit is 70 kilometres south-west of Kalgoorlie and is contained in indicated and inferred resources of approximately 110 million tonnes grading a little over 1 gram a tonne. The deposit is now owned by the Chinese mining company Zijin Mining which owns the nearby Paddington mine and mill. The royalty is potentially the major asset of Jervois. It is \$30 an ounce on the first 400,000 ounces of production and \$20 an ounces thereafter for the entire life of the mine.

The Board is reviewing all documentation with a view to monetizing this asset.

- **Scandium International Royalty**

Jervois holds a production royalty of 1.7 per cent on the value of scandium and any other metal produced from the Nyngan deposit in NSW owned by Scandium International. The royalty extends for 12 years from the date of first production from Nyngan. At a price of US\$2000 a kg for Scandium and the targeted production rate of 38,500kgs of Scandium per year, the royalty would generate US\$1.3 million a year. Scandium International is (TSX:SCI), is listed on the Toronto Stock Exchange. During the quarter, SCI received its mining permits and is now finalizing funding for development of a mine scheduled to commence production in 2019.

- **Forest Reefs Royalty**

Jervois has a 1.5 per cent net smelter return on any production from Forest Reefs which is held by Newcrest, but is not currently in production.

- **Flemington – Syerston Scandium Deposit**

Australian Mines (ASX:AUZ), has the right to buy this project for \$6 million, less any option payments. In addition, AUZ must pay a 1.5 per cent royalty on the gross value for any mineral production from the deposit.

EXPENDITURE FOR QUARTER ENDED JUNE 30, 2017

Expenditure on Exploration for the Quarter was \$77,000

By order of the Board.



Stephen van der Sluys
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). S. van Huet has 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 consents to the inclusion.