



## ASX AND MEDIA ANNOUNCEMENT

26 March 2018

### PROPOSED STRATEGIC ACQUISITION OF THREE HIGHLY PROSPECTIVE COBALT-SCANDIUM TENEMENTS

- With the speciality and base metal upcycle gaining momentum, especially the cobalt price reaching a decade-high US\$95,000/t on the London Metal Exchange<sup>1</sup>, MinRex proposes to strategically acquire three highly prospective Co-Sc-Cu-Ni tenements in NSW and WA which are close to supporting infrastructure and key ports, subject to due diligence, grant of tenements, regulatory and shareholder approvals.
- The Pacific Express project in NSW, previously owned by Jervois Mining (ASX: JRV), has confirmed Co-Sc-Ni laterite mineralisation from legacy drill-holes that were used to historically model and report to a JORC (1996) Indicated resource: 4.6Mt @ 0.09% Co, 40g/t Sc and 0.61% Ni (historical mineralisation within the current Pacific Express project)<sup>2</sup>.
- The JRV resource is a historical estimate reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code.
- MinRex's priority, once the acquisition completes, is to fast-track a desktop review, legacy database compilation, geological modelling and resource estimation and reporting to the JORC (2012) code
- According to the CPR geology team's analysis, recent aeromagnetic geophysical imagery of the Pacific Express tenure shows that legacy drilling is over significant magnetic anomalies
- The WA tenements, Knight and Dragon, are located near St George Mining's (ASX: SGQ) tenure which delivered solid drilling results (3m up to 6.4% Ni, 3.6% Cu and 0.2% Co<sup>4</sup>), while legacy assay results confirm a 7,290ppm Co<sup>5</sup> hit just outside the project area
- The region is highly prospective for massive Co-Cu-Ni sulphide mineralisation, which SGQ has confirmed in its 2017 drilling program<sup>4</sup>, while Talisman Mining (ASX: TLM) - contiguous ground to Knight & Dragon - produced 1.6Mt @ 2.44% Ni (39kt Ni) between 2008-13<sup>6</sup>.
- All tenements to be acquired in NSW and WA are still subject to grant.
- The Board will keep shareholders updated as the due diligence phase is progressed.

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**MinRex Executive Director, Simon Durack commented:** *"The opportunistic acquisition of these highly prospective assets delivers exposure to in-demand specialty metals cobalt and scandium in the first instance, then nickel and copper. The Board was highly encouraged by the geology across all three assets, noting the indicated resource for Pacific Express in NSW can be reassessed under the JORC (2012) code then potentially deliver an upgrade as well as the high level of sulphide mineralisation apparent near Knight & Dragon in WA.*

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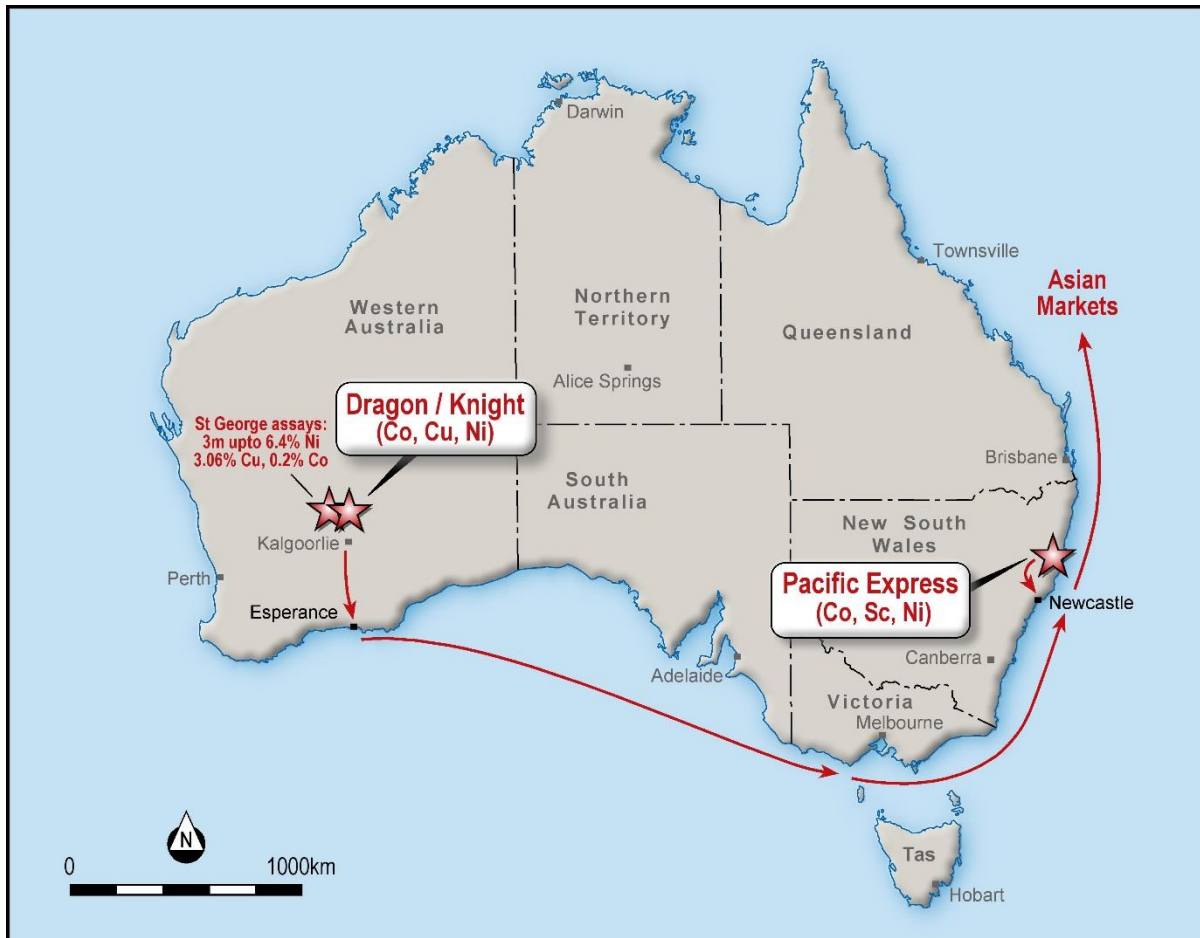
MinRex Resources Limited (ASX: MMR) (“MinRex” or “the Company”) is pleased to announce that it has entered into a binding Heads of Agreement to acquire 100% of the issued capital of Clean Power Resources Pty Ltd (CPR). CPR is an explorer with three high-quality project areas in NSW and WA that are prospective for cobalt, scandium, copper and nickel (“Proposed Transaction”). The key terms of the Proposed Transaction, which are complementary to MinRex’s existing projects, are detailed below in this announcement.

**CLEAN POWER RESOURCES OVERVIEW**

CPR was established with the principal objective of securing mineral projects in NSW and WA to explore and develop, cobalt, scandium, nickel and copper producing assets. Currently, CPR has one project – Pacific Express – in northern NSW covering 105km<sup>2</sup> with an indicative resource under JORC (1996) for cobalt, scandium and nickel and two in WA – Knight and Dragon – comprising 352km<sup>2</sup> with Co-Cu-Ni the focus, all of which are subject to grant. The two WA tenements are pending grant, expected in the next couple of weeks and an “Offer of Grant” has been received for the flagship asset - Pacific Express – also expected to be granted in the coming weeks.

The three project areas are in reasonable proximity to critical supporting infrastructure and ports (Newcastle and Esperance) to ship product to key Asian markets (Figure 1).

**FIGURE 1: STRATEGICALLY LOCATED ASSETS**



Source: CPR geology team

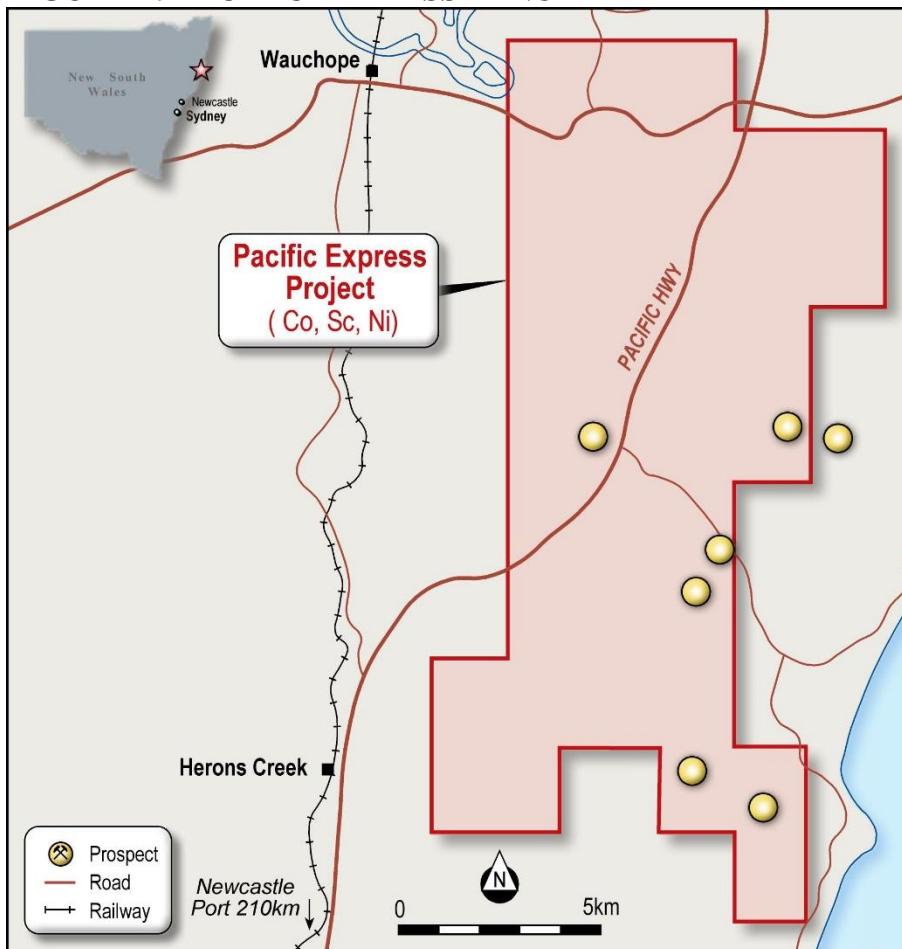
Currently, CPR has seven shareholders holding a total of 35,897 fully paid ordinary shares in CPR. Shares and options to be issued to CPR shareholders as consideration (including Deposit) for the Proposed Transaction will account for circa 24.65% of the expanded issued capital of MinRex. Further, the Board notes that none of the vendors are related parties to MinRex.

**Pacific Express, NSW**

The NSW project, Pacific Express, which is located near Port Macquarie (Figure 2), has significant exploration upside for Co-Sc-Ni laterite mineralisation. Legacy data from JRV has identified a Historical Indicated Resource reported to the JORC (1996) code of 4.6Mt @ 0.09% Co, 40g/t Sc and 0.61% Ni (cut-off grade 0.6%Ni equivalent) inside the Pacific Express project boundary.

The JRV resource is a historical estimate reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code.

**FIGURE 2: PACIFIC EXPRESS TENURE**



Source: CPR geology team

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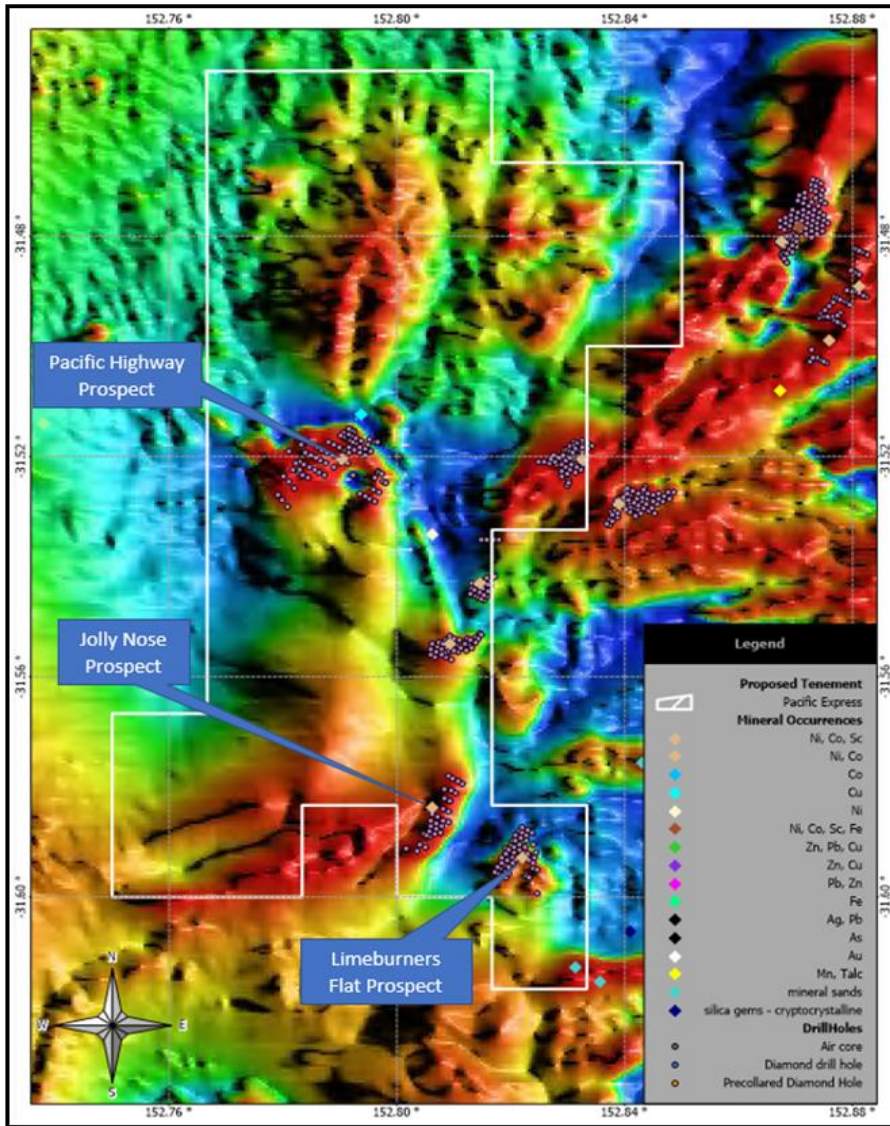


Within the region including the Pacific Express project area, JRV drilled 506 holes between 1996-1999, estimated and reported a total resource to the JORC (1996) code of 19.2Mt @ 0.10% Co, 40g/t Sc and 0.63% Ni<sup>2</sup> (cut-off grade 0.6%Ni equivalent). Due to the prolonged downturn in the base metal cycle, JRV let its tenements lapse. However, with the recent uptick in the specialty and base metal cycle, the Board believes it will secure a comparative advantage since it can potentially leverage the legacy data to expedite modelling a resource for Co-Sc-Ni. After reviewing and interpreting aeromagnetic geophysical imagery survey data, which highlighted a magnetic anomaly below legacy drill-holes, the CPR geology team believes there is further exploration upside across the tenure. The starting point is to expedite a detailed desktop review, which is expected to validate historic drill-hole data and geological modelling. In turn, this facilitates estimating and reporting the mineral resource to the JORC (2012) code which could potentially result in an upgrade.

At the technical level, aeromagnetic geophysical imagery was reconciled to legacy drilling data showing a link between specific magnetic anomalies and presence of Co-Sc-Ni laterites. The interpretation is the ultra-mafic units associated with highly magnetic geophysical anomalies have undergone physical and chemical weathering to form the laterites. The CPR geology team has used this technology to uncover three prospective drill targets within the Pacific Express project – Pacific Highway, Limeburners Flat and Jolly Nose Prospects (Figure 3). These will be priority areas for the MinRex geology team to review and assess once the acquisition completes.



**FIGURE 3: PROPOSED DRILL TARGETS IN PACIFIC EXPRESS**



Source: CPR geology team [Geological Survey (NSW) images]

### **Knight and Dragon projects, WA**

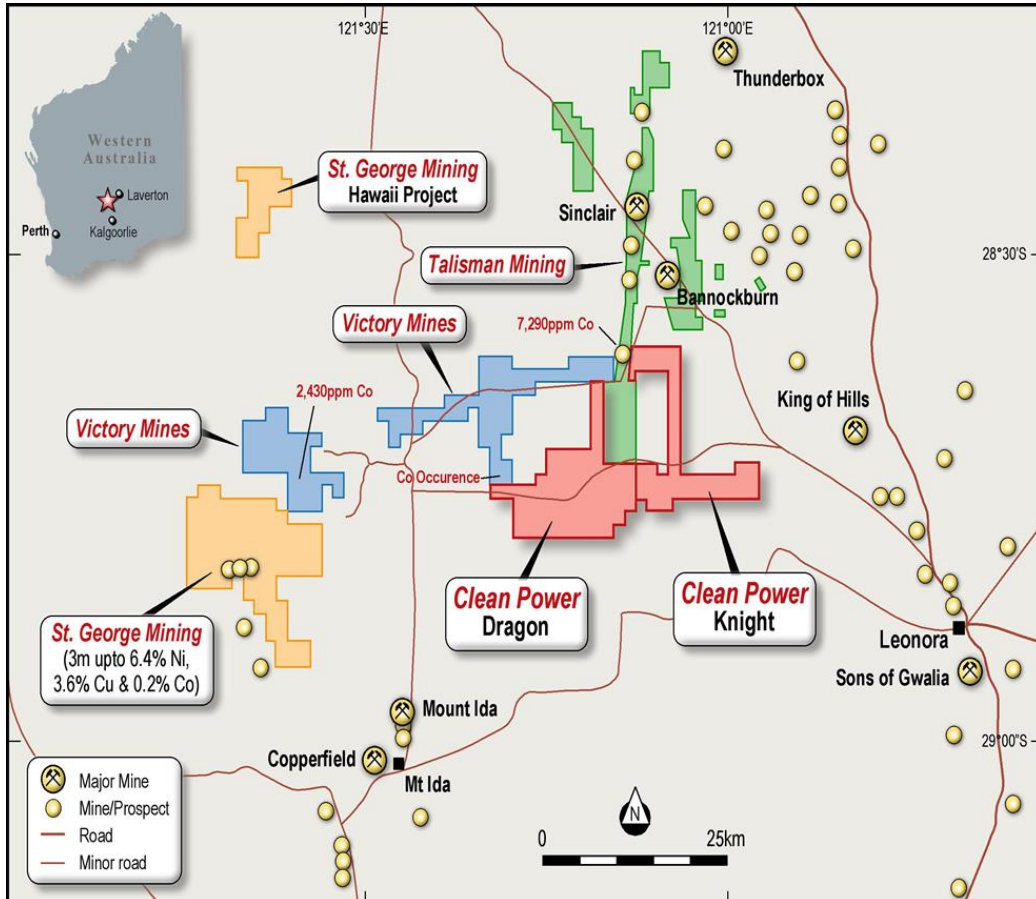
The two WA projects, Knight and Dragon, are located in a region that is prospective for massive and disseminated Co-Cu-Ni sulphide mineralisation. Notably, legacy assay results confirm a relationship between sulphide mineralisation and magnetic anomalies related to regional dykes or ultramafic volcanic rocks. Typically, it can be cost effective to extract economic minerals that are hosted in sulphides, such as those potentially in the Dragon and Knight projects.

A recent review of available geophysical imagery suggests that Knight and Dragon's geological sequences are similar to neighbours SGQ and TLM's deposits (Figure 4). This is encouraging as SGQ's recent drilling program has delivered solid assay results, which included 3m up to 6.4% Ni, 3.6% Cu, 0.2% Co<sup>4</sup>. Further, TLM's project, which is contiguous in parts with the Knight and Dragon prospects, produced 38,500t Ni between 2008-13 at an average grade of 2.44% Ni<sup>6</sup>.



While cobalt exploration has lagged materially behind base metals in recent years, there have been some significant occurrences across the region. Indeed, legacy data from tenure reporting indicates significant cobalt assays that range from 2,430ppm to 7,290ppm<sup>5</sup>. The 7,290ppm significant cobalt drill intercept occurs adjacent to the boundary of the Knight project. As cobalt recently reached US\$95,000/t<sup>1</sup> on the London Metal Exchange, the Board have prioritised understanding the extent of cobalt mineralisation across Knight and Dragon.

**FIGURE 4: KNIGHT & DRAGON PROJECTS RELATIVE TO PEERS**

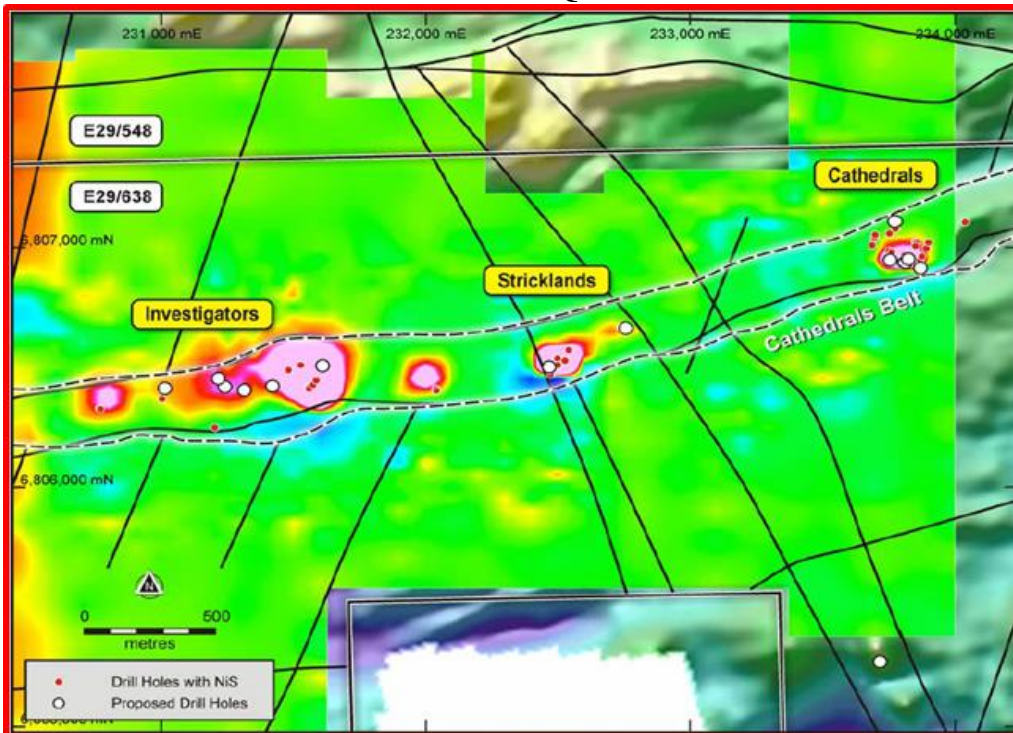


Source: CPR geology team (note: cobalt intercepts are extracted from ASX Announcements listed in the references)

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The CPR geology team have reviewed and interpreted aeromagnetic geophysical survey data. This includes SGQ's ENE trending geophysical magnetic anomaly (Figure 5A directly enlarged "red" box in Figure 5B.) The CPR geology team's interpretation is it constrains SGQ's three prospects (Investigators, Stricklands and Cathedrals) to an ENE regional ultramafic dyke that potentially controls the Co-Ni-Cu sulphide mineralisation.

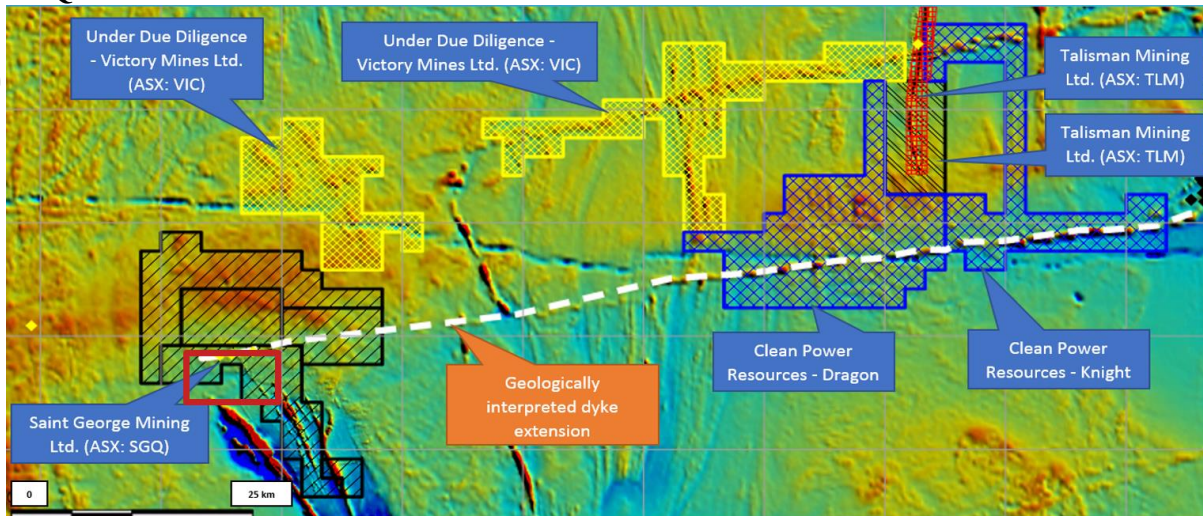
**FIGURE 5A: ZOOMED IN VIEW – SGQ'S GEOPHYSICAL MAGNETIC ANOMALY**



Source: Taken from SGQ ASX Release 20 March 2018

The Knight and Dragon projects have a strong magnetic anomaly which aligns with the same ENE trend SGQ's three prospects are on. Importantly, in an ASX Release on 30 March 2017, SGQ argued the ultramafic aligned ENE in the Yilgarn craton is the dominant control on the massive sulphide mineralisation, within a region that contains multiple NNW ultramafic mineralised zones and associated magnetic anomalies (Figure 5B).

**FIGURE 5B: KNIGHT & DRAGON ON SAME MINERALISED ULTRAMAFIC AS SGQ**



Source: Geology consultant Xplore Resources

### Key terms of Proposed Acquisition

The key terms of the proposed acquisition of CPR is as follows:

#### Conditions Precedent

Completion of the acquisition is subject to the satisfaction or waiver of the following conditions precedent:

- a) completion of financial, legal and technical due diligence by MinRex of CPR, its business, tenures, assets and operations, to the absolute satisfaction of MinRex; and
- b) MRR obtaining all necessary shareholder and regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow MRR to lawfully complete the matters set out in the Heads of Agreement.

#### Consideration

In consideration for the Proposed Transaction, MinRex will:

- a) pay a non-refundable deposit of \$100,000 to CPR and issue 1,000,000 fully paid ordinary MinRex shares to the CPR shareholders immediately upon execution of the Heads of Agreement;
- b) reimburse CPR any tenement rental fees and any bonds paid by it or on its behalf;
- c) issue 29,000,000 fully paid ordinary MinRex shares together with one option to acquire a Share for every two Shares issued (exercisable at \$0.15 and expiring 3 years from date of issue); and
- d) issue 13,350,000 Performance Shares that each convert into one Share on the achievement of a resource of a minimum of 1mt tonnes of Nickel grading of at least



0.5% or 1mt of Cobalt .05% or 1mt or Scandium grading greater than 20ppm (subject to ASX approval).

MinRex has also agreed to:

- a) reimburse to CPR \$150,000 for costs to be applied at first instance to any outstanding debts;
- b) issue 35,000,000 advisor options (exercisable at \$0.15 and expiring three years from the date of issue) to certain nominees; and
- c) grant to the CPR shareholders a 2% net smelter return royalty with respect to all minerals produced and sold from the tenements.

### Pro-forma capital structure

The indicative capital structure of MinRex, post the CPR acquisition, is shown below:

Structure	Shares	Options	Performance Shares
Existing Securities	91,711,060	60,000,000 <sup>1</sup>	-
Deposit	1,000,000	-	-
Consideration Shares	29,000,000	-	-
Consideration Options	-	14,500,000 <sup>2</sup>	-
Consideration Performance Shares	-	-	13,350,000
Advisor Options	-	35,000,000 <sup>3</sup>	-
<b>TOTAL</b>	<b>121,711,060</b>	<b>109,500,000</b>	<b>13,350,000</b>

#### Notes

1. Exercisable at \$0.144 and expiring two years from 26 February 2018
2. Exercisable at \$0.15 and expiring 3 years from date of issue
3. Exercisable at \$0.15 and expiring 3 years from date of issue



**Indicative timetable**

<b>Event</b>	<b>Date</b>
Execution of HoA and payment of deposit	23 March 2018
Payment of deposit	26 March 2018
Due diligence period ends	23 April 2018
Shareholder meeting to approval issue of consideration shares & options	End May 2018
Settlement of acquisition	No more than 5 days from date of shareholder meeting and satisfaction of Conditions Precedent

For and on behalf of the Board

**Simon Durack**

**Executive Director**

**MinRex Resources Limited**

**Ph: (08) 9486 8806**

**Email: [simondurack@minrex.com.au](mailto:simondurack@minrex.com.au)**

**COMPETENT PERSON'S STATEMENT:**

*The information in this report that relates to Geological Interpretation, Historical Exploration Results, Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Nicholas Ryan, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ryan has been a Member of the Australian Institute of Mining and Metallurgy for 12 years and is a Chartered Professional (Geology). Mr Ryan is employed by Xplore Resources Pty Ltd. Mr Ryan is the consulting Technical Manager for Clean Power Resources Pty Ltd. Mr Ryan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Ryan consents to the inclusion in the report of the matters based on his information and the form and context in which it appears.*

**CAUTIONARY STATEMENT REGARDING HISTORICAL ESTIMATES:**

The Jervois Mining Limited (ASX: JRV) resource is a historical estimate reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code

**References**

- 1) Cobalt price @ 21 March 2018, London Metals Exchange <[www.lme.com](http://www.lme.com)>
- 2) Refer to Table 1 and/or DIGS Report GS2003/312 R00047959
- 3) JRV ASX Release – 29 April 1999 “Third Quarter Activities and Cashflow Report” (Part B)
- 4) SGQ ASX Release – 30 March 2017 “Nickel Sulphide and Gold Explorer – Exceptional Growth Opportunity: Mining Capital Conference”
- 5) VIC ASX Release – 29 January 2018 “Accelerating cobalt and scandium projects in NSW”
- 6) TLM ASX Release – 7 October 2018 “Assay results confirm massive nickel sulphide intersections”

MinRex has not completed any exploration work at the project areas and is not herein presenting new exploration results.

The information contained in this announcement relating to exploration results and estimates was previously announced to ASX as cross referenced by the references above (“Announcements”). MinRex is not aware of any new information or data that materially affects the information contained in these Announcements. MinRex confirms that the material assumptions and technical parameters underpinning the estimates in the Announcements continue to apply and have not materially changed.

## JORC Code, 2012 Edition – Table 1 report template

Unless stated in the following sections and sub-sections of Table 1, the discussion relates to specifically to the Pacific Express project and the Historical Resources Estimated by Jervois Mining Limited (ASX: JRJ) that were reported as a Total Resource in an ASX Release on the 29 April 1999 and DIGS Report GS1999/227 R00020880.

The JRJ resource is a historical estimate reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code.

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>Samples were obtained from air-core drilling, with sampling and bagging of the air-core in 1m intervals, in order to obtain results for testing at an accredited laboratory. 7,567 samples were submitted for laboratory assay, this does not include duplicates.</li> <li>The competent person considers that industry standards and practices at the time the historical sampling and assaying were completed are appropriate to the historical estimation of a Mineral Resource, and the potential risks associated to be low for the type of air-core drilling, sampling and the lateritic style of mineralization.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>Air-core drilling had been utilized for the 506 drillholes with an outer drillhole diameter of 85mm.</li> </ul>
<b>Drill sample</b>	<ul style="list-style-type: none"> <li><i>Method of recording and</i></li> </ul>	<ul style="list-style-type: none"> <li>Cores sampled every 1m for assay, the drill and sample logs do not</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>recovery</b>	<p><i>assessing core and chip sample recoveries and results assessed.</i></p> <ul style="list-style-type: none"> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<p>appear to have any sample recovery recorded for the air-core drilling.</p> <ul style="list-style-type: none"> <li>• 7,567 samples were submitted for laboratory assay, this does not include duplicates.</li> <li>• The competent person considers that the potential risks associated with sample loss to be low for the type of air-core drilling, sampling and the lateritic style of mineralization.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative lithological logging, no images, logged on a per metre or greater basis for similar lateritic bagged samples.</li> <li>• Qualitative lithological logging includes lithology, lithological descriptions and colour taken every meter with approximately 7,567m of drilling logged.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sampled material was obtained from air-core taken at 1m intervals. 7,567 samples were submitted for laboratory assay, this does not include duplicates.</li> <li>• The historical tenure reports did not detail the sub-sampling techniques or preparation, the competent person considers that the potential risks associated with sub-sampling techniques and sample preparation to be appropriate for a historical estimate of Mineral Resources.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis</i></li> </ul>	<ul style="list-style-type: none"> <li>• The testing of the historical drilling had been completed at a professional accredited laboratory, AMDEL. ICP Emission Spectrometry (mass or atomic, dependent on year tested) had been completed on the submitted samples to be analyzed for Cobalt, Nickel, Chromium, Iron, Magnesium and Scandium.</li> <li>• Duplicate samples were submitted for testing and the quality control procedures appear to be appropriate for historical drilling and the subsequent historical estimate of a Mineral Resource.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The review of the historical exploration reports indicated that in the Pitkin deposit twin holes attempted and did not succeed for penetrating through conglomerates to reach laterite from earlier historical auger drilling. In this instance the twinned drillholes did not succeed, the competent person considers this to be immaterial as it appears that the historical estimate did not include Mineral Resources at the twinned borehole location.</li> <li>• Data verification, data security, due care and data custody are expected to have followed leading practice at the time of each drilling campaign and in the submission of tenement reports, in the review of the available historical open source information the competent person has encountered no reason to have questioned this assumption.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The drill hole location information for the historical exploration boreholes is sourced from the New South Wales Resources &amp; Energy Minview geological and mining mapping application: <a href="https://minview.geoscience.nsw.gov.au">https://minview.geoscience.nsw.gov.au</a></li> <li>• The competent person considers the level of error associated with the borehole collar survey methods and the historical borehole spacing to be appropriate for the reporting of borehole locations relative to the tenure boundary.</li> <li>• A subset of the borehole collar data has been checked against borehole collars stated in historical tenure reports and no significant anomalies were identified.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The drillholes were laid out on local grids with spacings of 100m x 50m or 200m x 50m, dependent on the deposit.</li> <li>• The drillhole grids were laid out using theodolite and chain, using wooden pegs to mark the drill sites on a grid of 50m x 100m (Hurl's Hill &amp; Pacific Highway). Professional Surveyors were historically reported to have been engaged in the grid layout process.</li> <li>• The competent person considers that the data spacing and distribution to be appropriate for a historical estimate of Mineral Resources.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have</i></li> </ul>	<ul style="list-style-type: none"> <li>• The historical aircore drilling from Jervis occurred on a grid to intersect aero-magnetic lateritic mineralization features that had previously been followed up with soil samples. The competent person considers it appropriate given the resource delineation focus of the drilling for the definition of a historical Mineral Resource.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>introduced a sampling bias, this should be assessed and reported if material.</i>	
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>From 1996 - 1999 7,567 samples were submitted for laboratory assay, this does not include duplicates.</li> <li>Sample security, due care and chain of custody are expected to have followed leading practice at the time of each drilling campaign, in the review of the available historical open source information the competent person has encountered no reason to have questioned this assumption.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>Jervois Mining Limited did not state if a formal audit of the collected technical information have been completed, for either their drillhole database or historical estimate of Mineral Resources by an Independent Third party.</li> <li>Nickel Online Pty Ltd (holder of partially overlapping EL8924, relinquished on the 30-06-2009) indicated that their tenure review work of the historical Jervois tenures (1996-2001) included a review of the previous tenure work and the generation of a Mineral Resource to the JORC code (unstated version, presumed 2004) during the 31 October 2007 – 31 October 2008 tenure period. No material anomalies were reported for the drillhole information or the Jervois historical estimate. Nickel Online did not provide any further details other than the Mineral Resource table and the name of their competent person that calculated the Nickel Online historical estimate. The Nickel Online historical estimate can be in viewed in DIGS report: GS2009/715 R0037775. Due to the lack of disclosure on the methodology utilized in the Nickel Online historical estimate the competent person considers it to be immaterial to the Jervois historical estimates deposit locations with the boundary of the Pacific Express project.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The mineral tenements referred to in this announcement are held by Clean Power Resources Pty Ltd and are as follows: <ul style="list-style-type: none"> <li>NSW – Pacific Express Project Exploration Licence Application ELA 5606 consisting of 36 sub blocks, with the Applicant Clean Power Resources Pty Ltd having made the application for the mineral tenure on the 24-Nov-2017;</li> <li>WA – Knight Project Exploration Licence (pending grant) E37/1336 consisting of 52 sub blocks, with the Applicant Clean Power Resources Pty Ltd having made the application for the mineral tenure on the 24-Nov-2017; and</li> <li>WA – Dragon Project Exploration Licence (pending grant) E29/1004 consisting of 70 sub blocks, with the Applicant Clean Power Resources Pty Ltd having made the application for the mineral tenure on the 24-Nov-2017.</li> </ul> </li> </ul>
<b>Exploration done by other</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Cobaltiferous manganese oxide (“wad”), chromium oxide and laterite have been identified in the region. Historical records indicate that Cobaltiferous manganese oxide (“wad”), chromium oxide exploited</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>parties</b>		<p>previously by small workings.</p> <ul style="list-style-type: none"> <li>In 1962 Carpentaria Exploration Company Pty Ltd (“CEC”) negotiated an option over PML 5 owned by Mr N J Hurl and situated 6 km SW of Port Macquarie. They carried out channel sampling, auger drilling and metallurgical testing. In total they drilled 35 auger holes on a 60 m grid for a total of 641m. Sampling interval was based on flute length (6 feet or 1.52m). CEC noted five layers from the weathered basement or saprock to a surface soil. The higher Ni-Co values were found to be associated with the ironstone layers above a saprolitic (clay) zone. They concluded that an in-situ resource of 10-20 million tonnes @ approximately 40% Fe and 0.6% Ni was possible as a flat lying sheet about 18m thick. A metallurgical test by the Australian Mineral Development Laboratories (AMDEL) indicated that the ore could not be substantially improved by physical means to a “shippable” concentrate. AMDEL recommended acid leaching by sulphuric acid as an option for producing a pre-smelter concentrate. CEC relinquished its option in 1966.</li> <li>Nickel Leach Exploration held EL 77 over the Port Macquarie area, excluding PML 5. Its JV partner Placer Prospecting conducted a stream sediment survey over the area. Placer noted the correlation between serpentinites and high nickel values. Placer withdrew from the JV in 1966.</li> <li>VAM Ltd, the parent company of Nickel Leach Exploration took out an Authority to Prospect No 3434 over the known nickel resources in 1967. They carried out metallurgical investigations at the University of NSW and gridded an area over Lakes Swamp to measure ground magnetics and conduct drilling, but boggy conditions prevented the work. In 1970 VAM Ltd carried out a seismic survey over three areas and concluded that previous drilling may not have reached basement and some potential laterite zones were not tested. They drilled 17 percussion holes at Hurl’s Hill, 3 at Muston’s Quarry and 2 in the Vineyards Area. Diamond core tails were drilled 3 to 6m into basement. In 1980 Western Mining Corporation Ltd produced a resource estimate mainly based on data from VAM. (At Hurl’s Hill approximately 6MT @ 0.7 Ni and 2.75MT @ 0.2% Co, and at Lake Innes Estate 15MT @ 0.7% Ni and 7Mt @ 0.2% Co). In 1981 VAM Ltd carried out a magnetometer survey. They interpreted the magnetic highs to be lenses of serpentinite up to 200m wide, with other pods along strike. The areas outlined by the VAM magnetics surveys are shown below in Figure 3. Note the location of Hurl’s Hill and Muston’s Quarry. VAM upgraded their resource estimate, using the magnetic interpretation to estimate a potential resource of 15MT @ 0.7% Ni and 0.2% Co.</li> <li>Jervois Mining Limited (ASX: JRV) The JRV historical exploration tenure annual reporting typically covers a single regional reporting structure for three (3) mineral tenures: EL4964, 5185, &amp; 5315. JRV had three (3) historical exploration tenures near the Pacific Express project, targeted laterites for the elements of Co, Sc, &amp; Ni, held from 24-03-1998 to 18-09-2001.</li> <li>Jervois completed a regional drilling program that completed 506 drillholes in drilling campaigns that occurred between 1996 and 1999. The 506 drillholes were completed over eight (8) separate areas of</li> </ul>

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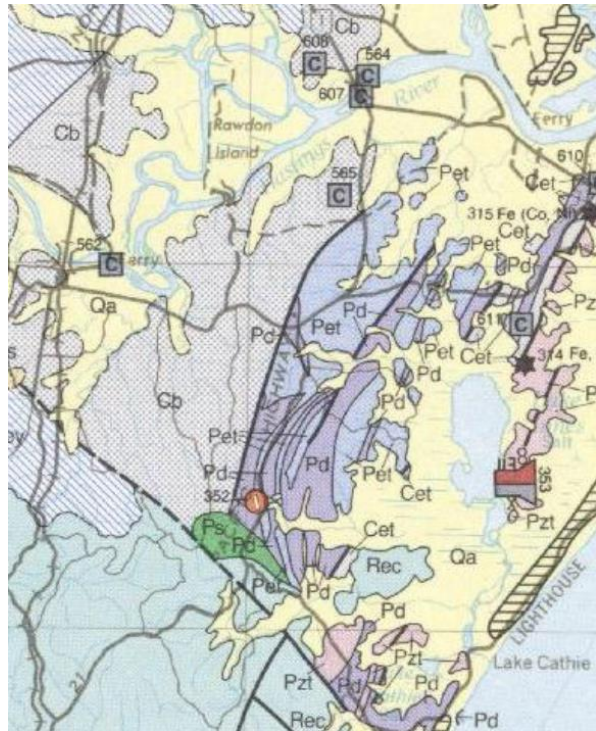
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Criteria	JORC Code explanation	Commentary
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nickel laterite development:

- Pitkin State Forest
  - State Forest Lot 3
  - Innes Peninsula
  - Hurl's Hill Extended
  - Houston Mitchell East
  - Limeburners Flat
  - Jolly Nose
- Nickel Online Pty Ltd's EL6924 (Port Macquarie Nickel Laterite Project targeted Ni & Co laterite, held from 31-10-2007 to 30-06-2009. Nickel Online Pty Ltd relinquished this tenure due to financial conditions related to the Great Financial Crisis.
  - Australia Hualong Pty Ltd EL7668 (Port Macquarie Project) completed historical tenure reports and aimed to develop a DSO laterite deposit, this did not progress and the exploration tenure relinquished.

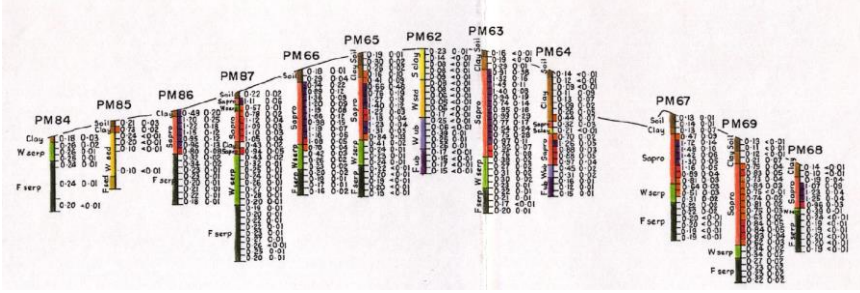
- | Geology | JORC Code explanation  | Commentary  |
|---------|--|---|
|         | <ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Regionally the rocks hosting the laterite bodies are part of the Port Macquarie (PM) Block, a fault melange of Carboniferous and Permian rock units. The PM Block abuts the Triassic units of the Lorne Basin. The rock units of the Port Macquarie Block include:               <ul style="list-style-type: none"> <li>➤ Pd Fault Zone Complex dolerite, gabbro, diorite, keratophyre, basalt chert, jasper</li> <li>➤ Ps Fault Zone Complex ultramafic rocks</li> <li>➤ Pzt Watonga Formation mostly fine oceanic shales with rare basalts</li> <li>➤ Pet Thrumster Slate shelf deposits of slate, sandstone, conglomerate</li> <li>➤ Cet Touchwood Formation shelf deposits, siltstone, sandstones, paraconglomerate, rare andesite</li> </ul> </li> <li>• An extract from the Tamworth Metallogenic map to show the above rock units:</li> </ul> |



- The serpentinites occur in the Fault Zone Complex and are part of an oceanic block that moved inboard and collided with the continent possibly in the late Permian/early Triassic. The exposed and shallow

Criteria	JORC Code explanation	Commentary
<b>Drill hole information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:               <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<p>buried serpentinites were affected by regolith processes and became lateritised during the Tertiary. At that time the climate supported a temperate rainforest with excess groundwater.</p> <ul style="list-style-type: none"> <li>The Pacific Express Project in New South Wales targets laterites that contain elevated levels of cobalt, scandium or Nickel. Exposed at the surface of the fresh serpentine basement is a rarity. The lateritic profile is stated in historical tenure reports to generally range in thickness from 10 to 30m, with profiles consisting of hematite clay, limonite clay, saprolite, and weathered serpentinite overlaying a fresh serpentinite basement.</li> <li>The historical drillhole information in this section is publicly accessible from New South Wales MinView and Digs database systems. As this is information from historical reports accessible as open access data, the following material information is provided:           <ul style="list-style-type: none"> <li>Digs Report Number: GS2003/312 R00047959</li> <li>Digs Report Number: GS2002/444 R00032854</li> <li>Digs Report Number: GS2002/316 R00030091</li> <li>Digs Report Number: GS2000/446 R00019300</li> <li>Digs Report Number: GS1999/227 R00020880</li> <li>Digs Report Number: GS1998/312 R00020395</li> <li>Digs Report Number: GS1997/138 R00002518</li> <li>Digs Report Number: GS1997/137 R00002517</li> </ul> </li> <li>The 506 historical drillholes were completed in a number of drilling campaigns between 1996 and 1999.</li> <li>The Competent Person considers the reference locations to the drillhole information to be sufficient, in consideration that the associated Mineral Resources are historical estimates reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code.</li> <li>The drillhole grids were laid out using theodolite and chain, using wooden pegs to mark the drill sites on a grid of 50m x 100m or 50m x 200m (Hurl's Hill &amp; Pacific Highway). Professional Surveyors were historically reported to have been engaged in the grid layout process.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>No data aggregation occurred prior to the historical sampled interval testing, all grades were reported as certified by the laboratory for the sample length as taken in the field.</li> <li>Data aggregation methods that were utilized to define the historical estimate are detailed in section 3 of this TABLE 1.</li> </ul>
<b>Relationship</b>	<ul style="list-style-type: none"> <li>These relationships are</li> </ul>	<ul style="list-style-type: none"> <li>The historical drilling related to the geological intersections is</li> </ul>

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Criteria	JORC Code explanation	Commentary
<b>between mineralisation on widths and intercept lengths</b>	<p>particularly important in the reporting of Exploration Results.</p> <ul style="list-style-type: none"> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<p>considered vertical with no deviations reported</p> <ul style="list-style-type: none"> <li>Historical tenure reports have reported 'down hole length' from the drilling results, as the competent person considers that this is reflective of the 'true mineralized intersection width' from the air-core drilling method and the shallow lateritic style of deposit.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Sectional views of the drill hole intercepts were not available for the Historical Drilling in the open file reports (refer to section 1 of this TABLE 1).</li> <li>A typical drillhole cross section from Jervois (assay results are: Ni%, Co%):</li> </ul> 
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>No exploration results were reported in the ASX Announcement from the Pacific Express project, only historical estimates were reported.</li> <li>The competent person notes there is the expected range of assay variance occurs in the historical assays associated with the historical estimate, the observed variance appears as expected for a lateritic Mineral Resource.</li> <li>Magnetic separation testing conducted by AMDEL in 1996 did not appear to upgrade the resulting Co or Ni content of the tested samples.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>Jervois had an airborne geophysical contractor complete a magnetometer survey and a spectral detection survey on the 26-28 October 1996. Traverse spacing of 200m with 1000m tie line spacing. The magnetometer survey detected anomalies not identified by a 1980 NSW DMR airborne survey due to the Jervois survey designed for the detection of localised magnetic anomalies.</li> <li>Jervois conducted ground magnetometer surveys (Scintrex MP-2, proton Precession Magnetometer), taking readings every 10 meters, total of 62,900 meters. Completed 2-9 December 1996.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> </ul>	<ul style="list-style-type: none"> <li>The exploration work program intends to develop a mineral database from the historical drillhole data, then interrogated for suitability to utilize the drillhole data in the estimation of Mineral Resources reported to the JORC (2012) code.</li> <li>A desktop study is planned to commence for the Pacific Express project</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	in the near future to review all historical exploration data available in the region.

### Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

#### CAUTIONARY STATEMENT FOR THE JERVOIS MINING LIMITED (ASX: JRV) HISTORICAL ESTIMATE

The JRV resource is a historical estimate reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code.

Criteria	JORC Code explanation	Commentary
<b>Database integrity</b>	<ul style="list-style-type: none"> <li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</li> <li>Data validation procedures used.</li> </ul>	<ul style="list-style-type: none"> <li>The current Pacific Express project is yet to compile a database of the historical drillhole data.</li> <li>The ASX Announcement and the current TABLE 1 details a historical estimate reported to the JORC (1996) code by a holder of a historical exploration tenure that is partially covered by the Pacific Express project.</li> <li>The competent person considers that data validation procedures outlined in the historical tenure reports are sufficient to hold confidence that the historical drillhole data was validated and interrogated to the standards used in the industry to have produced a historical estimate of a Mineral Resource under the JORC (1996) code.</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li> <li>If no site visits have been undertaken indicate why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>No site visits have been completed to the NSW Pacific Express project, WA Knight project, or the WA Dragon project, as all applications are pending.</li> </ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</li> <li>Nature of the data used and of any assumptions made.</li> <li>The effect, if any, of alternative interpretations on Mineral Resource estimation.</li> <li>The use of geology in guiding and controlling Mineral Resource estimation.</li> <li>The factors affecting continuity both of grade</li> </ul>	<ul style="list-style-type: none"> <li>The Pacific Express Project in New South Wales targets laterites that contain elevated levels of cobalt, scandium or Nickel. Exposed at the surface of the fresh serpentine basement is a rarity. The lateritic profile is stated in historical tenure reports to generally range in thickness from 10 to 30m, with profiles consisting of hematite clay, limonite clay, saprolite, and weathered serpentinite overlaying a fresh serpentinite basement.</li> <li>The factors that control the continuity and grade of the historical estimate are the distribution of serpentine basement having been exposed to physically and chemically weather to laterite. The distribution of the serpentine basement is a significant control on the lateritic mineralization.</li> <li>The lateritic profiles of hematite clay, limonite clay, saprolite, and weathered serpentinite control the vertical distribution of mineralization within the historical estimated deposit areas. The drillhole assays indicate that the enrichment profiles of Co, Sc, &amp; Ni are as expected for each mineralized lateritic unit.</li> </ul>

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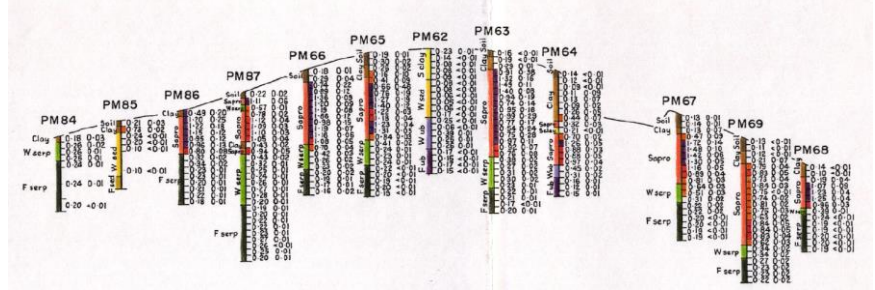
Criteria	JORC Code explanation	Commentary
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and geology.

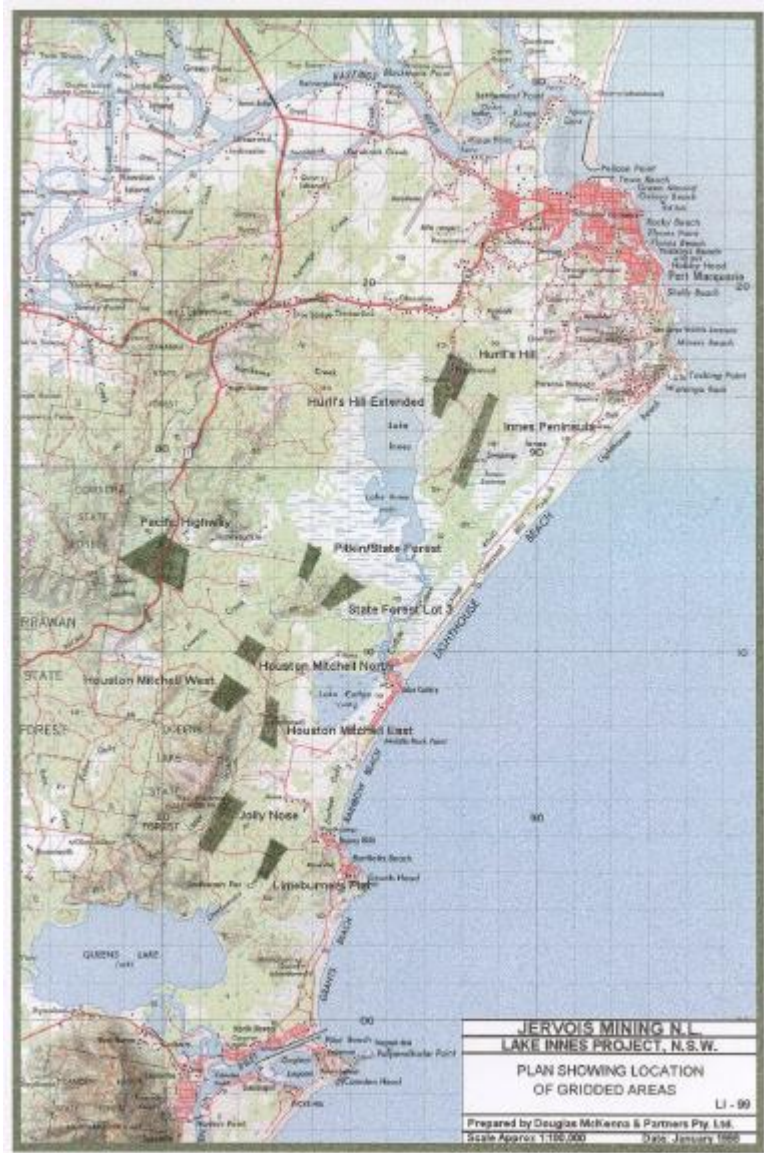
**Dimensions**

- The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.

- The lateritic profile is stated in historical tenure reports to generally range in thickness from 10 to 30m, with profiles consisting of hematite clay, limonite clay, saprolite, and weathered serpentinite overlaying a fresh serpentinite basement.
- A typical drillhole cross section from Jervois (assay results are: Ni%, Co%):

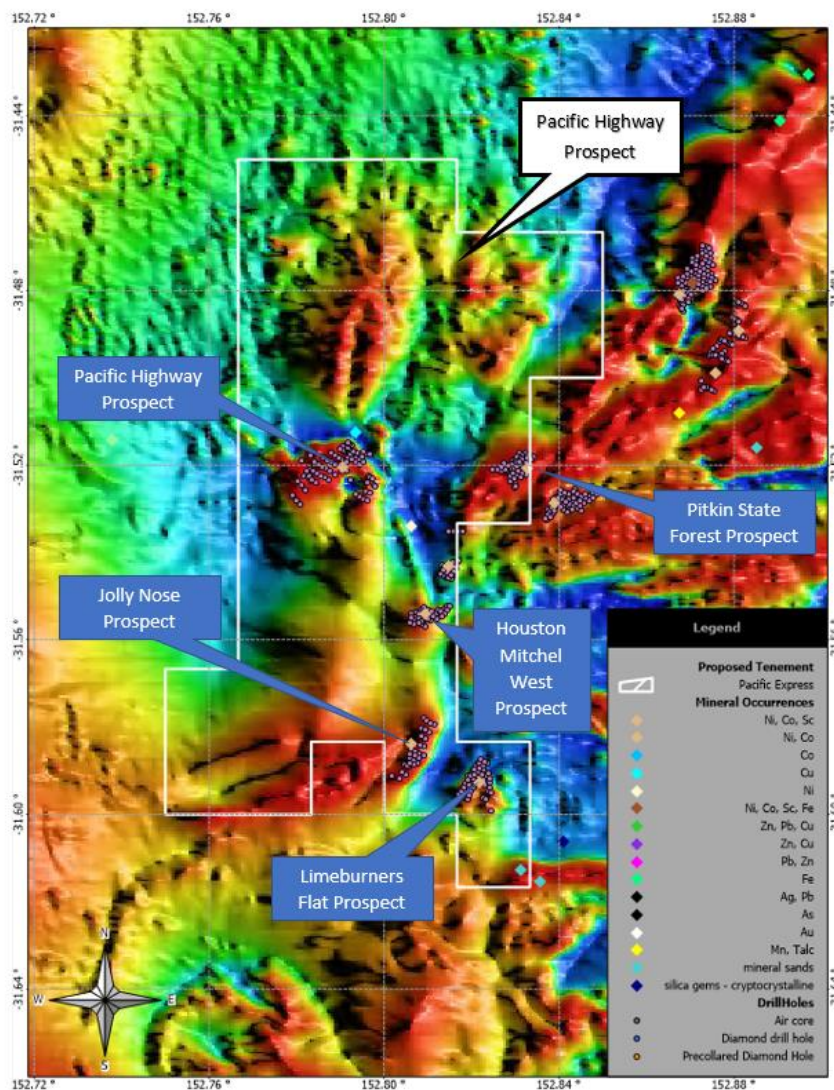


- Map of the extent of the Jervois historical estimate grids (note these are the grids only and the historical estimate can be comprised of a smaller portion of each grid):



- Map of the Pacific Express project with the identification of the Jervois

historical estimate borehole clusters:



### Estimation and modelling techniques

- The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.
- The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.
- Polygonal Resource Estimation Techniques were stated to have been used in the historical estimation of the resource. The method was selected as the deposit style is flat lying and dillholes can then be assigned an area of influence to estimate the resource.
- The Hurl's Hill deposit had been indicated to have utilized the geophysical evidence (geophysical surveys), geological evidence (assumed to be outcrops and mapping), and drilling results to constrain the lateral extent of the mineralization. The Competent Person acknowledges that such information can form relevant constraints on the lateral extent of the resource, the description of the methodology used appears appropriate for a Mineral Resource completed at the time and now forms a historical estimate reported to the JORC (1996) Code.
- With the exception of the Hurl's Hill deposit, the lateral limiting utilized a "dummy" hole to constrain the lateral extent of the resource estimated. It is stated that the methodology utilized treating the "dummy" as if it were the next grid hole, has been positioned with no mineral values to limit the polygon size. The Competent Person acknowledges that such information can form relevant constraints on the lateral extent of the resource, the description of the methodology used appears appropriate for a Mineral Resource completed at the time and now forms a historical

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li><i>The assumptions made regarding recovery of by-products.</i></li> <li><i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i></li> <li><i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i></li> <li><i>Any assumptions behind modelling of selective mining units.</i></li> <li><i>Any assumptions about correlation between variables.</i></li> <li><i>Description of how the geological interpretation was used to control the resource estimates.</i></li> <li><i>Discussion of basis for using or not using grade cutting or capping.</i></li> <li><i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i></li> </ul>	<p>estimate reported to the JORC (1996) Code.</p> <ul style="list-style-type: none"> <li>Drillhole sapcing is discussed in section 1 of this TABLE 1.</li> <li>The “Equivalent Nickel” calculation approaches were used in the historical estimate for Co and Sc were: <ul style="list-style-type: none"> <li>➢ Co “Equivalent Nickel” value calculation: where 5x Co percentage value to equal a Ni percentage value; and</li> <li>➢ Sc “Equivalent Scandium” grade calculation: where 0.01x Sc parts per million to equal a Ni percentage value.</li> </ul> </li> <li>GS2003/312 R00047959 – the historical estimate had been calculated with a cut off reliance on “Equivalent Nickel” grades. In the calculation of the “Equivalent Nickel” grades two approaches were used, resulting in two (2) methods: <ul style="list-style-type: none"> <li>➢ Ni + Co “Equivalent Nickel” grade: the sum of Ni% plus the Co “value calculation; and</li> <li>➢ Ni + Co + Sc “Equivalent Nickel” grade: the sum of Ni% plus the Co “Equivalent Nickel” value calculation plus the Sc “Equivalent Nickel” value calculation.</li> </ul> </li> <li>The historical estimate indicates that the resource estimated with the Sc “Equivalent Nickel” grade should be treated with caution due to the uncertainty of future Sc demand and the variability in the Sc price. The competent person acknowledges that the historical statement was appropriate for period that it had been written, however Sc utilisation has progressed significant in the 15 years since the statement was made.</li> <li>No grade capping processes were stated to have been used in the historical drillhole database or the historical estimation of the Mineral Resource.</li> <li>The historical estimate and the associated tenure reports do not state the degree of reliance upon geological and mining software to complete the historical estimate and the reporting of the Mineral Resource to the JORC (1996) Code. A range of boreholes and plans appear to have been generated in a CAD software package, the actual calculation is assumed to be assisted by CAD software yet required some manual calculations to finalize the historical estimate.</li> </ul>
<b>Moisture</b>	<ul style="list-style-type: none"> <li><i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i></li> </ul>	<ul style="list-style-type: none"> <li>The historical estimate used a dry bulk density of 1.40 t/m3. The selection of this dry bulk density had been based on test work that included tamped dry material into a rigid cylinder to determine the weight and density, completed by AMDEL Limited in 1996.</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li><i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>No grade capping processes were stated to have been used in the historical drillhole database or the historical estimation of the Mineral Resource.</li> <li>The historical estimate had been calculated with a cut off reliance on “Equivalent Nickel” grades. In the calculation of the “Equivalent Nickel” grades two approaches were used, resulting in two (2) methods: <ul style="list-style-type: none"> <li>➢ Ni + Co “Equivalent Nickel” grade: the sum of Ni% plus the Co “value calculation; and</li> <li>➢ Ni + Co + Sc “Equivalent Nickel” grade: the sum of Ni% plus the Co “Equivalent Nickel” value calculation plus the Sc “Equivalent Nickel” value calculation.</li> </ul> </li> <li>The historical estimate indicates that the resource estimated with the Sc “Equivalent Nickel” grade should be treated with caution due to the uncertainty of future Sc demand and the variability in the Sc price. The Competent Person considers the historical statement made on the uncertainty of future Sc demand and variability of the Sc price to be valid in the historical context it was originally presented. Since that time significant advances have been made in utilisation of Sc in technology, particular in satellites and the strengthening of aluminium.</li> </ul>
<b>Mining</b>	<ul style="list-style-type: none"> <li><i>Assumptions made regarding</i></li> </ul>	<ul style="list-style-type: none"> <li>The historical estimation of the Mineral Resource reported to the</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>factors or assumption</b>	<i>possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	<p>JORC (1996) code had a minimum deposit thickness of 2m for a resource to be estimated.</p> <ul style="list-style-type: none"> <li>The Competent Person considers that the minimum deposit thickness of 2m is appropriate for a historical estimate of Mineral Resources targeting lateritic Co, Ni, &amp; Sc.</li> </ul>
<b>Metallurgical factors or assumption</b>	<ul style="list-style-type: none"> <li><i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i></li> </ul>	<ul style="list-style-type: none"> <li>The historical tenure reports review may not include an up to date analysis of any lateritic material extracted and subsequently processed from the Pacific Express project.</li> <li>Metallurgical test work by AMDEL indicated recoveries of 90-95% for Co, Sc, &amp; Ni using an acid leach autoclave, predicting that the historical estimate contains recoverable metal.</li> <li>In 2001 Jervois entered into a confidentiality agreement with TTS Inc. of Reno, Nevada, U.S.A. to utilize at that point in time was the testing of a 'new technology' for the recovery of nickel, cobalt and scandium using an acid leach process at atmospheric pressure. The testing included a 20Kg borehole composite sample from earlier metallurgical testing at AMDEL Adelaide using a 0.60%Ni cut off for the material selection, the sample contained a mixture of lithologies that was considered to be equivalent to a potential Run-of-Mine mining scenario which produced 0.70 %Ni and 0.13% Co.</li> <li>Additional testing in 2002 selected additional samples from storage, due to a fire disrupting the sample selection of composite sampling (based on lithology) resulted in a reduced dataset. With the exception of the results of the Metallurgical testing, the results of the testing appear in line with the Total Historical Resource Estimate. It is unstated how the four lithological based samples, 1] Hematite (22.4Kg), 2] Limonite (24.9Kg), 3] Saprolite (37.0Kg), &amp; 4] Weathered Serpentine (35.1Kg), were initially selected to be representative of the Total Historical Resource Estimate.</li> </ul>
<b>Environmental factors or assumption</b>	<ul style="list-style-type: none"> <li><i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential</i></li> </ul>	<ul style="list-style-type: none"> <li>The historical tenure reports included the estimation of resources from lateritic material and did include some composite material from boreholes, there were no clear statements of environmental factors or assumptions regarding possible waste and/or process residue from disposal of processed non-economic mineral waste. It is anticipated that future mineral resources estimated from the either fully or partially the same dataset, will include such an analysis of environmental factors or assumptions regarding possible waste and/or process residue from disposal of processed non-economic mineral waste in line with the probable mineral technology processing path of the lateritic material encountered within the Pacific Express project area.</li> <li>Discussion of environmental factors or assumptions were discussed.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<p><i>environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i></p>	
<b>Bulk density</b>	<ul style="list-style-type: none"> <li><i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i></li> <li><i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i></li> <li><i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i></li> </ul>	<ul style="list-style-type: none"> <li>The historical estimate used a dry bulk density of 1.40 t/m<sup>3</sup>. The selection of this dry bulk density had been based on test work that included tamped dry material into a rigid cylinder to determine the weight and density, completed by AMDEL Limited in 1996.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li><i>The basis for the classification of the Mineral Resources into varying confidence categories.</i></li> <li><i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i></li> <li><i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></li> </ul>	<ul style="list-style-type: none"> <li>The drillhole grids were laid out using theodolite and chain, using wooden pegs to mark the drill sites on a grid of 50m x 100m or 200m x 50m. The competent person considers that data validation procedures outlined in the historical tenure reports are sufficient to hold confidence that the historical drillhole data was validated and interrogated to the standards used in the industry to have produced a historical estimate of a Mineral Resource under the JORC (1996) code.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of Mineral Resource estimates.</i></li> </ul>	<ul style="list-style-type: none"> <li>Jervois Mining Limited did not state if a formal audit of the collected technical information have been completed, for either their drillhole database or historical estimate of Mineral Resources by an Independent Third party.</li> <li>Nickel Online Pty Ltd (holder of partially overlapping EL8924, relinquished on the 30-06-2009) indicated that their tenure review work of the historical Jervois tenures (1996-2001) included a review of the previous tenure work and the generation of a Mineral Resource to the JORC code (unstated version, presumed 2004) during the 31 October 2007 – 31 October 2008 tenure period. No material anomalies were reported for the drillhole information or the Jervois historical estimate. Nickel Online did not provide any further details other than the Mineral Resource table and the name of their competent person that calculated the Nickel Online historical estimate. The Nickel Online historical estimate can be in viewed in</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Discussion of relative accuracy/confidence</b>	<ul style="list-style-type: none"> <li>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</li> <li>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li> <li>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</li> </ul>	<p>DIGS report: GS2009/715 R0037775. Due to the lack of disclosure on the methodology utilized in the Nickel Online historical estimate the competent person considers it to be immaterial to the Jervois historical estimates deposit locations with the boundary of the Pacific Express project.</p> <ul style="list-style-type: none"> <li>In the historical tenure reports Jervois mineral resource reduction due to relinquishment in the historical estimate, competent person considers this to have no material impact on the full lateral and vertical geological extent of the historical estimate relative to the area covered by the Pacific Express project.</li> <li>In 2001 Jervois indicated that only the Hurl's Hill, the largest deposit within the estimated historical estimate had the Mineral Resource separated by lithology associated with the historical estimate. The purpose of the separation of the historical estimate into lithological domains was to determine the percentage of the resource tonnes (68.3%) and the contained nickel tonnes (81.4%) in the saprolite and weathered serpentinite geology zones. This work requires future review and consideration in the proposed future drillhole data review and estimation of a mineral resource to the JORC (2012) code.</li> <li>The competent person considers that data validation procedures outlined in the historical tenure reports are sufficient to hold confidence that the historical drillhole data was validated and interrogated to the standards used in the industry to have produced a historical estimate of a Mineral Resource under the JORC (1996) code.</li> </ul>

**CAUTIONARY STATEMENT FOR THE JERVOIS MINING LIMITED (ASX: JRV) HISTORICAL ESTIMATE**

The JRV resource is a historical estimate reported to the JORC (1996) code, a competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate is equivalent to reporting of mineral resources under the JORC (2012) Code.