

**Jervois Mining Limited**

(ABN 52 007 626 575)

**ANNUAL REPORT**

**FOR THE SIX-MONTH PERIOD TO 31 DECEMBER 2020**

# Jervois



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## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Corporate Directory

#### Directors

Bryce Crocker (Chief Executive Officer)  
Peter Johnston (Non-Executive Chairman)  
Brian Kennedy (Non-Executive Director)  
Michael Callahan (Non-Executive Director)

#### Company Secretary

Alwyn Davey

#### Principal Address

Suite 508, 737 Burwood Road,  
Hawthorn East, Victoria, 3123, Australia

#### Registered Office

Suite 508, 737 Burwood Road,  
Hawthorn East, Victoria, 3123, Australia

#### Auditors

Ernst & Young  
8 Exhibition Street,  
Melbourne, VIC 3000, Australia

#### Bankers

ANZ Banking Group Limited  
Level 1  
420 St Kilda Road  
Melbourne, Victoria, 3004, Australia

#### Share Register

##### Computershare Investor Services Pty Ltd

452 Johnston Street  
Abbotsford, Victoria, 3067, Australia

##### Computershare Investor Services Inc

510 Burrard Street  
Vancouver, BC, V6C 3B9, Canada

#### Stock Exchange Listing

Jervois Mining Limited shares are listed on the

- Australian Securities Exchange (ASX code: JRV);
- TSX Venture Exchange (TSX-V code: JRV);
- United States OTCQB (OTCQB code: JRVMF).

Our Business

OUR VISION, MISSION, VALUES & PRINCIPLES

**Our vision** is a world transformed by the mass adoption of electric vehicles.

**Our mission** is to become the leading supplier of responsibly sourced battery minerals products and to provide a secure supply to customers.

**Our core values** provide the foundation for how we operate, collaborate, engage and unite in our work.

- Responsibility:** We are responsible, as a company and as individuals.
- Integrity:** We earn and sustain the trust and respect of our stakeholders.
- Accountability:** We strive to transparently measure, share, deliver and own results.

Ultimately, we aim to make a positive, meaningful difference in the lives of our stakeholders: our people, our investors, our partners and our host communities and countries.

Jervois’ values and principles set the standard for every decision we make.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Chairman's Letter

Dear Fellow Shareholders,

Welcome to a transitional Annual Report for Jervois Mining Limited ("Jervois"), as we move to align our Australian reporting dates with our international operations on a calendar year reporting schedule. While this report reviews only a six-month period from July to December 2020, it is pleasing to reflect on the progress our Company has made in that time as we build an operating business and become a vertically integrated producer of battery materials.

Following the completion of a positive Bankable Feasibility Study ("BFS") in September 2020 for the Idaho Cobalt Operations ("ICO") near Salmon in Idaho, United States, our plans remain on track to progress to first concentrate production by mid-2022. During the year Jervois took the exciting step of diversifying its operations with the announcement of the acquisition of the São Miguel Paulista ("SMP") nickel and cobalt refinery in Brazil. This transaction will transform Jervois into a vertically integrated producer. Jervois will be capable of supplying refined nickel and cobalt products to customers across a range of industries including specialty stainless steels, nickel and cobalt superalloys, cathode precursor, lithium-ion battery and electric vehicles manufacturers.

Both of these milestones are reported in detail in the pages that follow, but our Company's ability to achieve these in a time of challenging and uncertain operating conditions since the outbreak of the global COVID-19 pandemic is a testament to our management's dedication, determination and persistence to ensure Jervois fulfills its goals.

The United States is one of the most strategic cobalt markets in the world, and ICO will be the country's only domestic cobalt mine. The government of the United States has identified cobalt as a critical metal, and end users are looking for reliable, secure and ethical supply chains. Jervois continues to work with both United States government and industry to successfully bring ICO cobalt to market.

In parallel with progressing ICO into production, we are investigating restart of the SMP Refinery, on care and maintenance since 2016, with a feasibility study about to commence. SMP is the largest nickel and cobalt refinery in Latin America, with existing nickel production capacity of 25,000 metric tonnes per annum ("mtpa") and 2,000mtpa of refined cobalt cathode, and an established known brand in the market, 'Tocantins'. SMP will provide Jervois with the ability to produce refined nickel and cobalt products and an ability to directly interface with end users, setting us apart from many of our peers.

Since announcement of the ICO BFS and SMP Refinery acquisition, Jervois has expanded its executive team with appointments of key personnel to drive development of both sites. The impressive calibre and experience of candidates joining our team over recent months is a testament to the quality and excitement of our vision. The expanded executive team provides us with the organisational depth and leadership we need to move ahead.

During the period, we successfully closed a A\$45.0 million equity raising, which again received strong support from members of our Board and management, as well as institutional investors. Proceeds will enable Jervois to secure long lead items and complete detailed engineering for ICO and fund our initial acquisition payments and restart of SMP. We are grateful for the continued support we receive from investors, both new and existing, as we endeavour to continue to generate shareholder value.

Jervois is committed to supporting sustainability in our operations by meeting our high standards for environmental stewardship and the protection, safety, health and wellbeing of employees and communities. We continually review our ESG regime to ensure Jervois continues to act as a responsible corporate citizen in the multiple jurisdictions in which we operate.

I would like to thank our Board, management and staff for their efforts over the past six months. In particular, I acknowledge our Chief Executive, Bryce Crocker, who temporarily relocated to the US and Brazil during 2020 to drive development at both ICO and SMP, as well as all those who have contributed to our solid progress during the period.

The year ahead is going to test our capabilities as we work to bring ICO and SMP online in 2022 but I am confident that we can meet and exceed our goals, and I look forward to keeping you updated on our progress towards them.

Peter Johnston  
Non-Executive Chairman

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

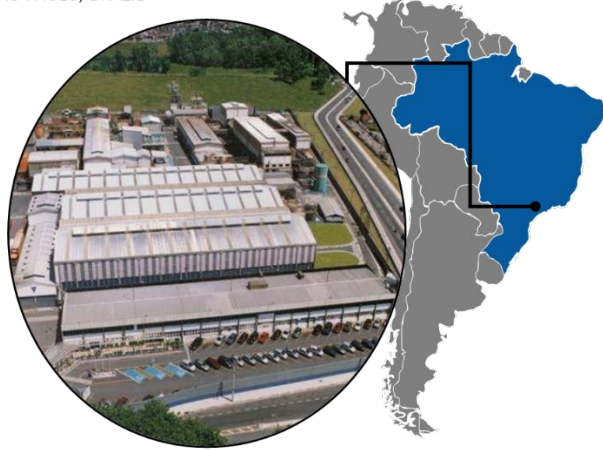
### A Global Supplier of Battery Materials

Jervois aims to become the leading supplier of responsibly sourced battery material products and to provide a secure supply to customers. It seeks to achieve this through a geographic and asset diversification, the drive of our exceptional management and operations team, whilst maintaining compliance with environmental, social, ethical and legal requirements and expectations for good practice in the jurisdictions in which it operates.

IDAHO COBALT OPERATIONS (“ICO”) IDAHO, USA



SÃO MIGUEL PAULISTA (“SMP”) NICKEL-COBALT REFINERY, SÃO PAULO, BRAZIL



NICO YOUNG NICKEL-COBALT PROJECT, NSW, AUSTRALIA



Throughout the Americas, Jervois is well positioned in the battery value chain, including through its significant exposure to the most important EV metals: cobalt, nickel, copper. Both ICO and SMP are two highly de-risked assets that allow Jervois to continue to develop towards participating in a fully integrated cobalt value chain.

#### Jervois position in the battery value chain



An important component of Jervois’ asset base is our people and our strong relationships with communities, governments and the environment in jurisdictions where we operate. Our financial and environmental, social and governance (“ESG”) performance are intrinsically linked. As our company evolves and grows, we have committed to continuous improvement including through the progressive integration of material ESG matters within our business and governance. In the six-month period Jervois reviewed its ESG regime and is continuing towards implementing new policies and standards to ensure Jervois continues to act as a responsible corporate citizen.

Among other outcomes highlighted below and throughout this report, this includes a new Sustainability Policy (see <https://jervoismining.com.au/company-info/corporate-governance>) which highlights our commitments to the environment, our employees, our communities and our investors and a strengthened approach to ESG. Key areas of progress relate to advancing responsible mineral and non-mineral supply chains, identifying decarbonization opportunities and increasing our climate change resilience and supporting priorities of our local stakeholders, among many others. With many ESG opportunities identified in the pre-production phase of our activities, Jervois is poised to realise even greater progress towards fulfilment of our business objectives – inclusive of those related to sustainability - throughout 2021 and beyond.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Sustainability Overview

Jervois is committed to supporting sustainability by meeting our high standards for environmental stewardship and the protection of safety, health and wellbeing of employees and communities; by forging meaningful and valued relationships with communities, governments and partners where we operate; and by ensuring sustainable development is integrated into all aspects of our business and its governance.

Jervois recognises that fulfilling our role in meeting the needs of the present generation without compromising those of future generations requires commitments to sustainability by all of our employees, contractors, suppliers and partners and intentional actions to harmonise our business goals, objectives and decisions with our sustainability aims.

To support this, Jervois undertook a review of its ESG regime during the financial period and is working towards implementing new policies and standards to ensure Jervois continues to act as a responsible corporate citizen in the multiple jurisdictions in which it operates. Important outcomes from this review include:

- Adoption of a new Sustainability Policy, which highlights our commitments to the environment, our employees, our communities and our investors (see [www.jervoismining.com.au](http://www.jervoismining.com.au)).
- Formal integration of oversight, guidance and direction of sustainability performance within ongoing Board functions, activities and meetings.
- Establishment of a Health, Safety and ESG committee, co-chaired by the CEO and Head, ESG, and comprised of members of the executive and senior management team.
- Progress in developing an internal Sustainability Standard, which lays out the minimum requirements for compliance with our Sustainability Policy at corporate and project level. The Standard will support tangible, measurable and continuous improvements in our sustainability performance while ensuring that we continue to proactively manage prevailing and emerging ESG risks and opportunities.
- Deliberate efforts to foster a culture of sustainability at all levels, including through a vertically integrated, interdisciplinary internal ESG Working Group, led by the CEO and Head, ESG and including representation from Executive and Senior Management through to leaders of ESG teams at project level.

Jervois' efforts to support sustainability fully support our core values of Responsibility, Integrity and Accountability (p. 2) and encompass all Environmental, Social and Governance ("ESG") factors that cut across our activities.

### Material Matters

The foundation for meaningful progress towards improved sustainability performance is understanding the significant environmental, social and economic impacts, risks and opportunities for and from Jervois as well as the topics and issues that matter most to our business and stakeholders. Against the backdrop of global expectations for sustainability reporting, our 2020 materiality assessment was informed by input from board level through senior executives to project management and representatives of our workforce and communities of interest.

Outcomes of the assessment are highlighted below.

|  |                          |   |   |
|--|--------------------------|---|---|
|  | <b>Health and Safety</b> | Health and safety<br>Emergency preparedness and response                                    | Training  |
|  | <b>Environment</b>       | Tailings & waste rock management<br>Water management<br>Climate change responsiveness       | Fisheries protection<br>Reclamation planning                        |
|  | <b>Social</b>            | Local employment & contracting<br>Non-discrimination and equal opportunity<br>Local economy | Community services<br>Stakeholder engagement<br>Grievance mechanism |
|  | <b>Governance</b>        | Legal compliance<br>Ethical conduct   | Transparency<br>Responsible supply chains                           |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Disclosures related to key material ESG matters are tabled in Annex 1. Selected highlights from 2020 are summarised below.

### Health and Safety

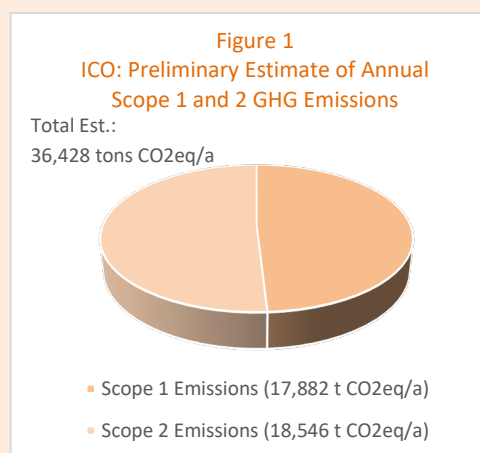
Work safely – all the time. This core principle is at the forefront of all Jervois activities. At ICO, we are strongly disciplined and committed to maintaining our high health and safety standards across employees, contractors and suppliers working with Jervois. Among other safety outcomes, this discipline has maintained our zero rate Total Lost Time Injury, Total Reportable Injury and very importantly a zero Fatality rate. Our well-established training, emergency preparedness and other entrenched OHS systems play a critical role. As Jervois scales up its activities at ICO, and begins the restart of the SMP Refinery, this ongoing focus on health and safety remains of paramount importance.

### Environment

We care for our environment, ourselves, our co-workers, our families and host communities. This principle underpins our commitment to excellence in environmental stewardship. This includes deliberate action to responsibly, safely and efficiently managing our carbon footprint and all water, tailings and other waste and materials. It also requires purposefully minimising impacts on biodiversity, land, air, water, and human beings; and reclaiming, rehabilitating and restoring ecosystems.

Beyond our strict commitment to compliance and strong environmental management systems, the current stages of development of ICO and SMP provide important opportunities to advance our ESG objectives through early-phase management decisions. For example, ICO's mine development plan includes paste backfilling a portion of tailings, thereby reducing the surface footprint and related risks. Also in 2020, ICO completed a preliminary GHGP-compliant ICO Carbon Footprint Assessment that provides pre-construction insight into a potential GHG baseline and entry points to minimise Scope 1 and 2 emissions (Fig. 1). ICO is extremely competitive from an ESG perspective versus alternative sources of cobalt supply. This is largely due to conventional sulphide ore processing and flotation, on an energy grid in Idaho that is dominated by clean energy sources (hydro). At SMP in São Paulo, Brazil, electricity likewise heavily relies on hydro power. Energy efficiency and reduced greenhouse gas emissions are influencing assessments to integrate a Pressure Oxidation Leach (POX) circuit at SMP.

Throughout detailed design, construction, into operations and beyond, Jervois will continue to place high priority on our climate change responsiveness, resource efficiency, pollution prevention, biodiversity, and the many other issues critical to the wellbeing of our planet and its people.



### Social

We treat others and ourselves with dignity and respect, we create a diverse, inclusive and supportive work environment and we work towards creating positive economic and social outcomes in communities where we operate. These principles provide the foundation for our efforts to develop and sustain valued, meaningful relationships with our host communities and stakeholders.

Jervois acknowledges the importance of providing direct employment and utilising local suppliers as well as our role in the broader community. A few of our recent efforts have included, but are not limited to, providing meals to food insecure members of the community around ICO, sponsorship of local events based on community-identified priorities and increased efforts to prioritise local content through our hiring and procurement policies. In 2020, 83% of ICO's workforce was local. Our social responsibility commitments and internal systems and programs are ramping up commensurate with our phases of development and 2021 promises to increase local benefits even further.

### Governance

As detailed on pages 5 and 22, ESG matters are increasingly integrated within the roles and functions of our Board, Senior Management team through to project level activities. Building upon this, multiple efforts are underway to improve our ESG outcomes through systematic standards, procedures and processes to support continuous improvement and embed a culture of sustainability throughout the organisation.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Six Month 2020 Performance Overview

The Group entered the financial period with a portfolio of assets: its near-term development project Idaho Cobalt Operations (“ICO”) on which it completed a Bankable Feasibility Study (“BFS”); the Nico Young nickel-cobalt project, which is at feasibility study stage; and the exploration and evaluation stage projects at the Kilembe and Bujagali properties in Uganda. During the period, the Group announced it would acquire the São Miguel Paulista (“SMP”) nickel and cobalt refinery in Brazil from Companhia Brasileira de Alumínio (“CBA”) for R\$125.0 million (US\$22.5 million<sup>1</sup>; A\$31.1 million<sup>2</sup>), payable in tranches. This is part of the Company’s strategy to become a fully integrated producer of battery metals.

During the period, the financial year of the Company changed from 30 June to 31 December. Accordingly, the performance overview reported in this report covers the six-month period from 1 July 2020 to 31 December 2020. Comparative performance and figures cover the twelve-month period from 1 July 2019 to 30 June 2020. The performance and financial results for the current period are therefore not directly comparable with the results for the prior period.

The Group’s operating loss after income tax for the six-month period ended 31 December 2020 was A\$24.139 million (twelve-month period ended 30 June 2020: A\$8.898 million). This loss included A\$2.863 million for operating expenses and A\$21.445 million of non-cash items. Within this non-cash expense is the impairment of our Uganda assets for A\$20.553 million and share-based payments expense of A\$1.373 million.

As at 31 December 2020, the Group had a cash position of A\$42.331 million (30 June 2020: A\$5.663 million). Operating activities incurred cash outflows of A\$2.586 million for the six-month period ended 31 December 2020 (twelve-month period ended 30 June 2020: A\$2.145 million). Cash outflows from investing activities totalled A\$1.079 million for the six-month period ended 31 December 2020 (twelve-month period ended 30 June 2020: A\$12.641 million).

### Financial Position

The Group’s cash balance increased by A\$36.668 million over the six-month period to 31 December 2020 to A\$42.331 million.

During the period, Jervois invested A\$2.414 million in exploration and evaluation activities, with A\$1.826 million at ICO, A\$0.527 million on the Uganda tenements and A\$0.061 million on Australian properties. Costs relating to the acquisition of the SMP refinery were A\$3.910 million, which was comprised of payment of a deposit of R\$15.0 million (US\$2.9 million<sup>3</sup>; A\$3.9 million<sup>4</sup>) ahead of entering into a lease agreement for the SMP refinery as the first step in the acquisition.

### Corporate

#### *Management Appointments*

During the period, Jervois made key appointments as it drives development and construction of ICO in the United States and the restart of SMP nickel-cobalt refinery in São Paulo, Brazil.

These included the appointment of Gregory Young as Executive General Manager (“EGM”) – Commercial.

Mr Young is one of the world’s foremost traders of nickel and cobalt products, with extensive knowledge of the commodities, their materials flow, market indices and pricing strategies, having gained this experience during his 25-year tenure in Glencore’s United States business, which culminated in his appointment as Co-Head of Glencore USA, a position he held for over 10 years. Mr Young ran Glencore’s Stamford office in Connecticut, which housed approximately 50 metals traders and other employees.

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<sup>1</sup> US\$ conversion based on 29/9/2020 exchange rate of US\$1: R\$5.55, the transaction values are in R\$ and are not fixed in US\$

<sup>2</sup> A\$ conversion based on 29/9/2020 exchange rate of A\$1: R\$4.02, the transaction values are in R\$ and are not fixed in A\$

<sup>3</sup> US\$ conversion based on exchange rate of US\$1: R\$5.21, the transaction values are in R\$ and are not fixed in US\$

<sup>4</sup> A\$ conversion based on exchange rate of A\$1: R\$3.84, the transaction values are in R\$ and are not fixed in US\$

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Over the course of his career with Glencore, Mr Young managed more than 20 commodities including all North American marketing for Glencore's alloy division. Glencore's alloy division during his tenure encompassed, amongst other products, nickel, cobalt and ferrochrome. Mr Young started Glencore's cobalt trading book, which during his tenure became the world's largest, and oversaw United States marketing and placement of all nickel and cobalt products resulting from Xstrata plc's US\$17 billion acquisition of Falconbridge, a Canadian base metal producer, in 2006. Mr Young also handled all North American sales resulting from Glencore's acquisitions of the Mopani copper-cobalt mine and processing plant in Zambia and the Murrin Murrin nickel-cobalt facility in Australia.

Jervois appointed Wayde Yeoman as Group Manager – Commercial, who reports to Mr Young. Mr Yeoman has more than 30 years of experience in the global cobalt industry, including production, purchasing and sales roles at The Shepherd Chemical Company, one of the largest consumers of cobalt in the United States.

Mr Yeoman also worked for global cobalt merchants Metal Resources Group and Darton Commodities, where he had responsibility for sales of cobalt metal to major consumers in the United States, and spent 14 years in multiple roles at OM Group, Inc.

Jervois also appointed Klaus Wollhaf as Group Manager – Commercial, who joined Jervois with more than 30 years of experience in the global mining industry. Mr Wollhaf has experience in senior operational roles across multiple commodities including managing ferrochrome smelting operations for Anglovaal Minerals and Assmang in South Africa and smelting and refining operations of copper and zinc for Falconbridge (now part of Glencore) in Canada.

Mr Wollhaf's appointment completed Jervois's expansion of its commercial team to optimise SMP's restart with third party volumes.

Jervois announced the appointment of James May as Chief Financial Officer / EGM – Finance in November. Mr May joins Jervois on 1 March 2021 with more than 20 years of experience in the global resources industry, after beginning his career with Deloitte in London within its energy and resources division, before joining Rio Tinto in 2006.

At Rio Tinto, Mr May spent time in a variety of global positions of increasing seniority, culminating in the role of Interim Vice President – Sales and Marketing, for the Energy and Minerals sales portfolio, based in Singapore.

Mr May is supported by new Group Financial Controller, Craig Morrison, who was previously Group Financial Controller for an Australian agriculture business with revenues approaching A\$200 million, and Group Financial Reporting Manager for a NASDAQ-listed LNG midstream infrastructure company with a market capitalisation of approximately US\$1 billion.

Jess Birtcher relinquished his position as Acting CFO as of 1 March 2021 and passed these responsibilities to Mr May, allowing Mr Birtcher to focus on his ICO Finance Manager role ahead of a restart of construction activities on site in Salmon, Idaho, in Q2 2021.

Mr Eric Klepfer, President and principal of Klepfer Mining Services LLC ("KMS"), based in Idaho, has taken the role of Acting General Manager – ICO. KMS is a consortium of industry professionals that provide project management, engineering, resource estimates and environmental services to the mining industry.

### Equity Placement

On 20 October 2020, Jervois announced it had successfully closed a A\$45.0 million equity raising, prior to issuance costs. The Placement comprised the issue of 147,540,985 new ordinary shares at a price of A\$0.305 per share.

The first tranche of this, totalling A\$39.248 million (less costs), was completed on 28 October 2020.

Tranche 2 of the Placement for A\$5.752 million was subject to shareholder approval at the Company's Annual General Meeting ("AGM") and included Jervois Directors and Senior Management who subscribed for 5,737,705 new ordinary shares, representing A\$1.75 million and 13,120,773 new ordinary shares (representing ~A\$4.0 million) in addition to those subscribed by Company insiders.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Jervois participants in the Placement included:

- Peter Johnston, Non-Executive Chairman (A\$0.2 million, 655,738 shares)
- Brian Kennedy, Non-Executive Director (A\$0.5 million, 1,639,344 shares)
- Ken Klassen, General Counsel / EGM – Legal (A\$0.3 million, 983,607 shares); and
- Gregory Young, EGM – Commercial (A\$0.75 million, 2,459,016 shares).

Shareholders voted in favour of this at the AGM on 30 November 2020. Tranche 2 funds were received on 2 December 2020.

Jervois is using proceeds from the Placement for ICO long lead item orders, detailed engineering and ongoing site costs; and activities relating to the announced acquisition of the SMP nickel-cobalt refinery in São Paulo, Brazil, including the purchase deposit, lease payments from March 2021 and restart feasibility study costs.

### Membership of ZETA

In December 2020, Jervois announced it had become a founding member of the Zero Emission Transportation Association (“ZETA”), in the United States. ZETA is advocating for 100% electric vehicles (“EV”) sales in the United States through all category of vehicles by 2030. Other founding members include Tesla, Uber, Duke Energy, Rivian, ChargePoint, Lordstown Motor Company, Albemarle and Livent.

Jervois elected to participate given the important role of its 100%-owned ICO in supporting the transition of the United States to EV’s. Cobalt is a key component in lithium-ion battery chemistries used in EV’s. Secure, ethical sources of supply are important characteristics for the procurement chains of battery manufacturers and their customers in the auto industry.

ICO will be the only cobalt mine in the United States upon forecast commissioning in 2022, with cobalt identified by the government as a strategic mineral of critical importance. Cobalt is on a list of critical minerals developed by the Department of the Interior in coordination with other United States executive branch agencies pursuant to Executive Order 13817, “A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals” (82 FR 60835) with the final list being published in May 2018 (83 FR 23295).

### Appointment of Auditor

Jervois announced the appointment of Ernst & Young (“EY”) as its auditor, replacing BDO East Coast Partnership, in August 2020.

Jervois selected EY based on its reputation and scale of international capabilities, which are aligned to the Company’s expected trajectory. EY is a well-respected top tier global accounting firm which audits many of the mining sector’s leading ASX and internationally listed companies.

The appointment of EY was approved by the Audit and Risk Committee of Jervois’ Board of Directors and by shareholders at the Company’s AGM in November 2020.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Operations

### Idaho Cobalt Operations, United States



In September 2020, Jervois announced completion of an updated Bankable Feasibility Study (the “BFS”) for ICO in the United States. Since acquiring ICO in mid-2019, Jervois has increased confidence in its ability to successfully bring the site into commercial production.

Jervois’ technical quality, rigour and conservatism applied in the BFS confirmed the uniqueness of ICO in its ability to become the only source of domestic cobalt supply in the United States.

The BFS confirmed the potential of ICO to establish a near-term, low-cost cobalt-copper-gold mine, with significant opportunity to increase the mineral resource and extend mine reserves once mining commences. Jervois’ January 2020 updated Mineral Resource Estimate was integrated into a revised mine plan and mining reserve, together with design of the metallurgical plant and final infrastructure requirements.

Key drivers for development of ICO was Jervois’ recognition that incorporating flexibility in design to enable a final investment decision to be undertaken on either bulk or separated cobalt and copper concentrates, together with potential concentrate roasting or calcination, had the greatest potential to enhance off-take negotiations and underpin an economically optimised operation.

The BFS is based upon design of a concentrator producing a cobalt-copper bulk concentrate with gold credits. Jervois also completed engineering design and costing, flowsheets to produce separated cobalt and copper concentrates, and calcined (roasted) cobalt concentrate as part of the preparation of the BFS. It has received off-take offers from potential customers for a variety of products to support economic trade-offs between flowsheet alternatives. With the recently announced acquisition of the SMP Refinery, Jervois is moving ahead with construction of a flowsheet based on separated concentrates, with the cobalt concentrate (containing gold) to be refined in Brazil, and the copper concentrate to be placed with customers in North America

The BFS was managed by a joint team of DRA Global (“DRA”) and M3 Engineering (“M3”), with the latter headquartered in Tucson, Arizona. Input was obtained from specialised North American contractors across mineral resource and reserve estimation and audit, mine design and scheduling including mine rock waste and underground paste fill pump and placement / scheduling, metallurgical testwork and laboratory management, process plant and engineering design including site infrastructure and dry stack tailings, together with capital and operating costing. The study was prepared in accordance with both the Australian JORC Code 2012 Edition (“JORC”) and Canadian National Instrument 43-101 (“NI 43-101”), the latter of which Jervois published on SEDAR in mid-November 2020.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Key technical outputs from the BFS are summarised in Table 1 below:

**Table 1: Key ICO Parameters**

| Parameter                   | Input                                 | Parameter                                | Result                        |
|-----------------------------|---------------------------------------|--|-------------------------------|
| Production rate             | 1,200 stpd ore<br>1,090 mtpd ore      | NPV (@ 8% real post-tax) <sup>1</sup>    | US\$95.7 million              |
| Mine life                   | 7 years                               | IRR (nom. post-tax) <sup>1</sup>         | 40.6%                         |
| Capital cost <sup>1</sup>   | US\$78.4 million                      | EBITDA <sup>2,5</sup>                    | US\$54.8 million per annum    |
| Operating cost <sup>2</sup> | US\$7.45/lb payable Co (post credits) | EBITDA margin <sup>2</sup>               | 52%                           |
| Cobalt price <sup>3</sup>   | US\$25.00/lb                          | Cobalt in conc. (contained) <sup>2</sup> | 1,915 metric tonnes per annum |
| Copper price <sup>4</sup>   | US\$3.00/lb                           | Copper in conc. (contained) <sup>2</sup> | 2,900 metric tonnes per annum |
| Gold price                  | US\$1,750/os                          | Gold in conc. (contained) <sup>2</sup>   | 6,700 oz per annum            |

1. Based upon current BFS selling a bulk concentrate; capital is in real 2020 dollars and is in accordance with NI 43-101 requirements which must exclude potential cash collateralisation of environmental bonding, and only include actual cash environmental expenditure.
2. Average life of mine, in real 2020 dollars (as applicable, margin in percentage, unit cost in US\$ per lb).
3. Metal Bulletin Standard Grade ("SG") in real 2020 dollars.
4. LME Cash in real 2020 dollars.
5. EBITDA is a non-IFRS measure but is commonly used in evaluating financial performance. While the common definition of EBITDA is "Earnings Before Interest Expense, Taxes, Depreciation and Amortisation" as used in the BFS, EBITDA means revenue less mining, processing costs and haulage expenses. EBITDA used in this news release may not be comparable to EBITDA presented by other companies.

The BFS is based on extracting 2.5M metric tonnes of ore at an average grade of 0.55% Co, 0.80% Cu and 0.64 g/t Au. Initial mine life within the BFS is 7 years, as Jervois sought to maximise initial operating margins, economics and IRR's. Once underground access has been established and drilling can occur more cost effectively than from surface, unconstrained by seasonality, Jervois has confidence that further resource will be converted to mine reserves (only 60% of the Measured and Indicated Resource has been included in the mining reserve at this time, and none of the Inferred Resource). In addition to known mineralisation, there exists significant potential for additional tonnes along strike and at depth.

The BFS mine plan does not incorporate any uplift in ultimate metallurgical recoveries associated with processing concentrate at SMP Refinery, and its consequential impacts on reserve cut off and potential extensions to life of mine. Historical cobalt recoveries percentage at SMP Refinery have averaged in the mid 90's over its operating life.

The process route at ICO is well defined and tested using standard existing technologies. Projected metallurgical recoveries to bulk concentrate once operations are ramped up and stabilised are 91.1% for cobalt, 95.5% for copper and 84.9% for gold. Recoveries are dependent on the feed grades, feed grade ratios of Cu:Co, and targeted concentrate grade quality (with 10% cobalt being targeted).

Operating costs will be extremely competitive (US\$7.45/lb of payable cobalt after by-product credits), with the mine being the first and only United States supplier of ethically sourced cobalt units into the North American market.

In November 2020, Jervois announced it had elected M3 as lead engineer for the detailed design and site early works for ICO.

M3 is headquartered in Tucson, Arizona and was selected as the preferred engineering contractor due to its work on the BFS. M3 also has extensive construction experience and project delivery in the United States, specifically relating to local conditions in Idaho and regional contractor capabilities.

The detailed design will cover all packages of work to allow orders to be placed on long lead items so construction can restart and site early works in May 2021 can commence, after snow melts allowing safe site access. ICO remains scheduled to be commissioned in July 2022.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

In January 2021, Jervois appointed Metso Outotec to undertake engineering and fabrication of a SAG (semi-autogenous grinding) mill for ICO. The contract is for the design, fabrication and delivery of a 4.7-metre diameter and 2.5m-long 750kW SAG mill. The mill design will comfortably accommodate the nameplate 1,200 short tons of ore per day (“stpd”) Jervois applied in the ICO BFS.

The mill will be delivered to site prior to end of 2021. As part of the order, Metso Outotec will provide mill layout drawings to Jervois’s appointed engineering firm at ICO, M3, so final site layout for upcoming site construction reactivation can be detailed and awarded in Q2 2021.

As a result of the successful outcome of the BFS and reflecting the commencement of the next stage at ICO, the classification of ICO within the Balance Sheet has been changed to Assets Under Construction from Exploration and Evaluation.

### *Project Financing*

Jervois continues to work with potential lenders around structuring alternatives, including security packages surrounding either ICO, or ICO and SMP. An integrated financial model is being finalised for lenders. RPM Global was appointed as the Independent Engineer for the ICO mine and mill, and they will shortly be recommencing their work as Jervois looks to finalise lender(s) appointment. Discussion with lenders around due diligence requirements of SMP Refinery continue, to extent this facility forms part of lender security package. Jervois continues to engage with the United States government, and customer and off-take negotiations are also progressing both for supply of nickel and cobalt intermediates into SMP and refined production.

### *ICO Environmental Social Governance*

At ICO, Jervois will apply best-in-class environmental and safety standards, systems, and techniques in the production of cobalt in Idaho as part of its overarching environmental, social and governance (“ESG”) policies. Key activities related to both the regulatory requirements at ICO as well as voluntary activities form the basis of our aim to be a positive contributor to the local and regional communities, businesses and environments.

During 2020, ICO performed environmental monitoring activities in accordance with all applicable regulatory requirements. These included monitoring of surface water quality, ground water quality, storm water and erosion controls, and reclamation and revegetation activities. As a component of ICO’s concurrent reclamation program, extensive revegetation efforts were conducted by seeding with a mix of native grasses and forbs, spreading of open serotinous cones, and transplanting of native trees. Work was also performed to maintain optimal growing conditions in the wetland mitigation cells and to eradicate noxious weeds and other invasive plants.

During 2020, ICO collaborated with the Idaho Conservation League to develop the Upper Salmon Conservation Action Program (“Program”) to protect and restore fish, water quality, wildlife habitat, and biodiversity within the Upper Salmon River basin. This innovative and voluntary partnership, which was formalised in February 2021, will fund projects to protect and enhance this ecologically important region of Idaho. Jervois Mining USA Limited will contribute US\$150,000 per year into a dedicated fund for the Program through the operational life of the ICO mine. The Program is separate from and unrelated to the mitigation measures and other regulatory requirements applicable to ICO. The Program will also include an ongoing dialogue with communities in the area, including the Shoshone-Bannock and Nez Perce Tribes, as well as local, state, and federal agencies, about investment priorities for the Program.

During the COVID-19 pandemic, Jervois provided a cash donation to the Idaho Foodbank’s Backpack program. This program ensures that students who are chronically hungry have access to adequate food by providing food caches all over town, full of nutritious, kid-friendly food. Many low-income children have access to nutritious meals through their school’s free-and-reduced breakfast and lunch program. Unfortunately, on the weekends and during the evening, these same children have food insecurity. The Backpack program helps these children by providing food support throughout the year.

ICO power will be provided by Idaho Power, an Idaho corporation. In 2019 (last published data at date of this report), 64.1% of Idaho Power’s energy mix came from renewables (including hydro) and 11.4% from natural gas. The utility has plans to further increase the share of renewables and eliminate coal-fired energy, which represented 16.3% of generation capacity in 2019. They were the first investor-owned utility to establish a clean energy goal without a government requirement. Idaho Power has set a goal to be 100 percent clean energy by 2045 and offer additional green-energy solutions for more renewable, carbon-free electricity. ICO continues to discuss future opportunities with Idaho Power that may allow ICO to take advantage of Idaho Power’s innovative approach toward clean energy; continuing to reduce ICO’s already industry leading carbon footprint.

### São Miguel Paulista nickel and cobalt refinery, Brazil



In parallel with its ICO BFS release in September, Jervois announced it had agreed to acquire 100% of the SMP Refinery in São Paulo, Brazil, from Companhia Brasileira de Alumínio (“CBA”) (an investee company of Votorantim).

#### *Transaction Structure*

Jervois will initially lease SMP Refinery from CBA (“Refinery Lease”), providing Jervois access to undertake a Feasibility Study (“FS”) for the restart. Subject to Jervois’ Early Termination Right up to September 2021, the lease shall continue until closing of Jervois’ acquisition of SMP Refinery (“Closing”) which is subject to the satisfaction of usual condition precedents and is expected to occur by December 2021.

Jervois will acquire 100% of SMP Refinery for R\$125.0 million cash (US\$22.5 million<sup>5</sup> A\$31.1 million<sup>6</sup>), payable in tranches:

- a) R\$15.0 million (US\$2.9 million<sup>3</sup>; A\$3.9 million<sup>4</sup>) cash as a deposit (“Deposit Payment”). The Refinery Lease commenced upon receipt by CBA of the Deposit Payment. Should Jervois elect to exercise its Early Termination Right, Deposit Payment will be forfeited and no further tranches will be payable. On Closing, Deposit Payment shall be applied to the purchase price for SMP Refinery.
- b) R\$47.5 million (US\$9.1 million<sup>7</sup>; A\$11.9 million<sup>8</sup>): on Closing.
- c) R\$25.0 million (US\$4.8 million<sup>7</sup>; A\$6.2 million<sup>8</sup>): on the earlier to occur of:
  - i. SMP refinery meeting certain production thresholds (average of 125mt per month of contained refined nickel and/or cobalt); and
  - ii. 30 June 2023.
- d) R\$37.5 million (US\$7.2 million<sup>7</sup>; A\$9.4 million<sup>8</sup>): on 30 June 2023.

In December, Jervois advised it had completed the Deposit Payment of R\$15.0 million (US\$2.9 million<sup>3</sup>; A\$3.9 million<sup>4</sup>) cash related to the acquisition of SMP Refinery.

<sup>5</sup> US\$ conversion based on 29/09/20 exchange rate of US\$1: R\$5.55, the transaction values are in R\$ and are not in US\$

<sup>6</sup> A\$ conversion based on 29/9/2020 exchange rate of A\$1: R\$4.02, the transaction values are in R\$ and are not fixed in A\$

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Following this payment, Jervois and CBA signed the Refinery Lease providing Jervois access to undertake the FS for the restart.

Following Closing, the timing of the balance of the purchase price is conditional upon permitting, restart FS outcomes and future production thresholds – with an outside date of June 2023.

As part of the purchase arrangements and as contained in the Refinery Lease, Jervois will pay for SMP Refinery care and maintenance (including environmental remediation) of the site from March 2021, via the cash payment of a monthly lease cost of R\$1.5 million (US\$0.3 million<sup>7</sup>; A\$0.4 million<sup>8</sup>). Up until Closing, CBA will continue to manage the site. After Closing, 100% ownership and operating control will transfer to Jervois as it moves forward to restart the refinery.

### *Background*

SMP Refinery is a nickel and cobalt electrolytic refinery designed and constructed by Outotec that commenced operations in 1981. The facility is in an industrial zone in São Paulo, Brazil. It was placed on care and maintenance by CBA in 2016, when CBA also placed its Niquelândia mine and processing plant in Brazil on care and maintenance due to prevailing market conditions at the time. Niquelândia provided the SMP Refinery with nickel carbonate.

SMP Refinery's production capacity was 25,000 metric tonnes per annum ("mtpa") of refined nickel cathode and 2,000mtpa refined cobalt cathode.

SMP Refinery produced electrolytic nickel with 99.9% purity, exceeding the base specification required by the London Metal Exchange ("LME"). This product was historically used in premium applications such as superalloys, specialty stainless steels, electroplating and batteries. SMP Refinery broken cobalt cathodes were also of high quality and historically used in superalloys and batteries. Nickel and cobalt cathodes were sold under the brand "Tocantins" with an established customer base in key regions of demand today – the United States, Europe and Japan.



<sup>7</sup> US\$ conversion based on exchange rate of US\$1: R\$5.205, the transaction values are in R\$ and are not fixed in US\$

<sup>8</sup> A\$ conversion based on exchange rate of US\$1: R\$3.992, the transaction values are in R\$ and are not fixed in US\$



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### *Feasibility Study*

Formal tender process for the SMP BFS is underway and will be completed in Q1 2021.

Restart requirements and costs at SMP Refinery are moderate. Planned works include refurbishment of the electrowinning cells, additional crystalliser(s), a gold recovery circuit, plant corrosion treatments, sealing, filtration upgrades and modifications to materials handling.

Jervois' preliminary capital estimates range from R\$75 million (US\$13.5 million) up to R\$150 million (US\$27.0 million), depending on the scale of restart supported by additional supplier materials, other than from Jervois's ICO.

In parallel with engineering work underway on ICO, Jervois announced the appointment of Perth-based consultancy Elemental to complete modelling of feed integration of hydroxides, carbonates, oxides and sulphide concentrates for the SMP Refinery in Brazil.

Elemental Engineering were engaged to undertake detailed sysCAD modelling of refinery mass balances and solid / liquid flows, which together with progress on commercial negotiations of supply contracts into SMP, will determine the scope and structure of refinery restart.

Scope included detailed mass and energy balance calculations, reagent consumption, steam and water balances, sysCAD models and flowsheets including impurity removal and recirculating load assessment, together with impact on utility demands including electricity, steam and water. The work was finalised in Q1 2021.

Elemental was awarded the scope of work after strong bids from international engineering firms with expertise in nickel and cobalt refining. Elemental completed similar work for Glencore's Murrin Murrin facility in Western Australia and undertook Nico Young flowsheet modelling for Jervois prior to public release of the NI 43-101 Preliminary Economic Assessment ("PEA") in May 2019.

As a result of Elemental's work, Jervois has determined it shall integrate a pressure oxidative leach (POX) leach circuit at the SMP Refinery. The inclusion of the POX autoclave offers a number of advantages compared to roasting concentrates, namely high metal recovery, low overall operating costs, enhanced ESG metrics due to lower emissions and energy usage, improved refined product purity and compact installation footprint on site. Preliminary POX sighter testwork at SGS Perth Western Australia in conjunction with Elemental's work returned satisfactory results.

As outlined previously, Jervois will be installing a POX circuit at SMP refinery, with a staged restart envisaged: initial commissioning on mixed hydroxide product (MHP) and cobalt hydroxide, followed by the integration of ICO and third party concentrates using POX. Jervois will also assess the production of refined chemical sulphates, both nickel and cobalt.

The operating scenario and the associated capital estimates will be defined as part of the FS Jervois will complete, including supplier contract negotiations to underpin restart economics. Subject to permitting and Jervois securing supply contracts for other nickel and cobalt intermediates, accelerated restart is to be explored.

Jervois' agreement to acquire the SMP Refinery enables a revised development plan at its Nico Young nickel-cobalt heap leach development in Australia, to a mixed hydroxide product ("MHP"), suitable for processing based on the existing SMP flowsheet, resulting in estimated capital savings of A\$200 million from the prior Nico Young NI 43-101 PEA.

Jervois' PEA for Nico Young supported the technical and economic viability of heap leaching laterite ore, based on the production of battery grade nickel sulphate hexahydrate crystal and cobalt sulphide as final, refined products. Within the study scope, Jervois also completed to the equivalent level of engineering, the ability to produce an MHP.

This MHP represents an attractive feed for SMP, with the refinery having processed similar products from other suppliers historically, including from Australia.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Nico Young Nickel-Cobalt Project, New South Wales, Australia

The Nico Young Project is a mineral exploration area for nickel cobalt laterite located approximately 30km west-northwest of Young in New South Wales, Australia.

The Nico Young Project comprises three known soil covered nickel-cobalt laterite deposits: Ardnaree, East and West Thuddungra and have been periodically drill sampled since 1998. An initial Mineral Resource estimate for the Nico Young Project was originally estimated in September 2001. Since that time, there have been multiple programs of air core, RC and diamond drilling within the nominal resource boundaries.

During the 2020 September quarter, Jervois received A\$1.5 million in cash from the Australian Federal Government, relating to a research and development ("R&D") tax refund for the financial year ending 30 June 2019.

The R&D refund related to applicable costs incurred within the Nico Young NI 43-101 PEA, which was finalised by the Company in May 2019. The PEA supported the technical and economic viability of heap leaching laterite ore and was based on the production of battery grade nickel sulphate hexahydrate crystal and cobalt sulphide as final, refined products.

Within the study scope, Jervois also completed to the equivalent level of engineering, the ability to produce an intermediate mixed hydroxide precipitate ("MHP").

As part of a Feasibility Study for the SMP Refinery, Jervois will examine the potential to utilise MHP at the refinery, which could reduce project capital estimates for Nico Young by about A\$200 million.

The Company is continuing discussions which envisage partial off-take in exchange for funding to complete a BFS. At that time, Jervois will reassess its level of equity ownership and uncommitted offtake of Nico Young to determine a suitable ownership structure and marketing strategy to secure the required project financing to move into construction.

### Ugandan Exploration Properties

Jervois completed its planned drill programme at its Kilembe area properties in central and western Uganda, and following receipt of assays from Q4 2020 exploration, announced the results on 27 January 2021.

Drilling at the Kilembe Area Properties targeted surficial Au-Cu mineralisation detected through earlier geochemical programmes. In total, 1,905 metres of diamond drilling was completed in 17 holes drilled at the Kilembe Area Properties in 2019 and 10 holes in 2020, totalling 1,409m.

Result highlights included:

- Hole 20DDHS006
  - o 2.0m @ 6.0 grams per tonne gold ("g/t Au") from 147.4m
- Hole 20DDHS007
  - o 24.8m @ 0.9 g/t Au from 53.7m
  - o Including 1.05m @ 6.4 g/t Au; from 77.45m
- Hole 20DDHS008
  - o 10.4m @ 0.6 g/t Au from 14.0m
  - o 1.65m @ 1.6 g/t Au from 69.15m
- Hole 20DDHS009
  - o 10.0m @ 0.5 g/t Au from 38.0m
  - o Including 1.0m @ 2.9 g/t Au; from 41.0m
  - o 1.0m @ 5.0 g/t Au; from 95.0m

All exploration activities in Uganda have been suspended due to a combination of ongoing COVID-19 risks, political and regulatory developments in-country and results to date outside the above Kilembe Area Properties which do not meet mineralisation model expectations for copper-cobalt ore deposits. Jervois is initiating a partnering process for its Ugandan exploration portfolio.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

As a result of the suspension of activities, the Ugandan exploration properties book value has been subject to impairment and this has resulted in an impairment expense of A\$20.55 million being included in the financial statements for the period.

### **Kabanga Nickel-Cobalt Deposit Application, Tanzania**

Jervois was unsuccessful in obtaining tenure for the Kabanga Nickel-Cobalt deposit.

### **Non-Core Assets**

In the 2020 September quarter, Jervois completed the sale of the King Solomon Project to Hawkstone Mining Limited.

Other interests:

*Khartoum Tin Project, Herberton, Queensland Australia*

Post period end, Jervois completed the sale of the Khartoum Tin Project to Jadar Resources Limited in March 2021.

*Arunta West JV (Gold, Jervois 20%)*

JV operator, Norwest Minerals Ltd (ASX: NWM), undertook exploration programmes to meet the 80% earn-in milestone. Jervois has now diluted its interest in the Arunta joint venture to 20%.

*Virgin River JV (Uranium, Jervois 2%)*

Further exploration for uranium mineralisation is planned for the 2021 field season on the JV properties in the Athabasca Basin, Canada.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Leadership and Governance

Achievement of Jervois' mission to become the leading supplier of responsibly sourced battery minerals products and to provide a secure supply to consumers hinges on exceptional leadership and robust governance. Good governance ensures we create, sustain and deliver value in the short, medium and long-term with due consideration of the interests of our business and those of our stakeholders and in full alignment with our core values, principles and commitments.

Accountability for our governance and performance ultimately lies with our Board of Directors ("the Board"). The Board charts the course for our business, gauges our risk exposure and overall risk appetite and ensures that sound governance systems are in place and support achievement of our goals.

This section presents and/or compliments key components of the Directors' Report (pgs. 25 to 43) and should be read concurrently.

### Board of Directors

The following were Directors of Jervois during the whole of the financial period and up to the date of this report, unless otherwise stated.

**Peter Johnston (69)**  
**Non-Executive Chairman**  
**Independent**

BA, FAICD, FAusIMM



Appointed Chairman 1 July 2018

100%

Peter Johnston is recognised as one of Australia's leading mining executives and Board Directors, with more than 35 years of operational and project development experience.

Prior to joining Jervois, Mr Johnston was Interim Chief Executive Officer of Tronox Limited, a NYSE-listed titanium dioxide feedstock and processing business.

Mr Johnston was Head of Global Nickel Assets for Glencore International AG ("Glencore") from 2013 to 2015. During this period, he was responsible for all of Glencore's nickel-cobalt mine and processing facilities operations across Australia, Canada, the Dominican Republic, New Caledonia, and Norway, as well as the Kabanga nickel-cobalt project in Tanzania. He was a member of the Glencore Executive Management Committee. From 2001 to 2013, Mr Johnston was Managing Director and CEO of Minara Resources Limited, listed on the ASX and a subsidiary of Glencore from 2005 until late 2011 when Glencore delisted it.

External directorships: NRW Holdings Ltd and Tronox Limited.

**Bryce Crocker (46)**  
**Chief Executive Officer**

Bsc, LLB (Hons), GradDip  
 Applied Finance and  
 Investment



Appointed CEO 1 October 2017




100%

Bryce Crocker is a seasoned mining and natural resources executive with significant experience in base metals, including cobalt. Mr Crocker joined Xstrata plc shortly after its IPO in mid-2002, was based in London in business development roles until 2006, when he transitioned to Canada following the acquisition of Falconbridge and the establishment of Xstrata Nickel headquarters in Toronto.

His past nickel/cobalt roles at Xstrata plc's nickel division include VP and Head Strategy, Marketing and Research, and GM and Head Business Development. Mr Crocker was a Director on the Xstrata Nickel Board, an Xstrata nominee Director to the Nickel Institute Board (global body representing the industry) and an Xstrata nominee to the Kabanga Shareholder Advisory Committee. Following the sale of Xstrata to Glencore in 2013, Mr Crocker was based in Latin America focused on natural resource investments in the region.

Mr Crocker holds an LLB (Honours) and BSc from the University of Melbourne and a Post Graduate Diploma in Applied Finance and Investment from the Australian Securities Institute.

% - Board and committee meeting attendance record

-  Audit and Risk Committee
-  Nomination and Remuneration Committee
-  Health, Safety and ESG Committee

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

**Brian Kennedy (61)**  
**Non-Executive Director**  
**Independent**

Cert. Gen. Eng.



Appointed 1 October 2017

100%

Brian Kennedy has more than 35 years of experience in the construction and mining sectors with clients across coal, iron ore, nickel, cobalt, gold, and fertilisers, both in Australia and overseas. During his career, Mr Kennedy has managed large scale mining operations such as Kambalda and Mt Keith on behalf of WMC Resources, and Murrin Murrin for Glencore. Mr Kennedy has extensive experience in nickel/cobalt/base metal project start-ups in both construction and transition to operations.

Specific roles include Project Manager for Albidon at Munali nickel mine in Zambia, GM Dikulushi copper mine for Anvil Mining Ltd in DRC, Project Technical Manager for Vale Inco at Goro New Caledonia, Senior VP AngloGold Ashanti DRC, Director Kabali Gold Mines and Director Kabali SPRL DRC. Mr Kennedy was a founding shareholder and Director of Reliance Mining, before its takeover by Consolidated Minerals, and a founding shareholder and Non-Executive Director of Silver Lake Resources.

**Michael Callahan (57)**  
**Non-Executive Director**

BSc (Accounting)



Appointed 24 July 2019

100%

Michael Callahan was appointed on 1 October 2018 as President and CEO of eCobalt. Previously he was VP of Corporate Development and President of Hecla Mining's Venezuelan mining operations, President of Silvermax Resources Inc. and President and CEO of Western Pacific Resources Corp.

Mr Callahan is a strong and experienced executive with extensive operational and public company management experience having held senior management roles at numerous development and production stage mining companies. Mr Callahan has established and led numerous sizeable operations in North America and internationally and has been responsible for the evaluation and execution of several growth-oriented transaction throughout his career.

External directorships: Mr Callahan was formerly the CEO and a Director of eCobalt Solutions Inc, resigned 24 July 2019.

% - Board and committee meeting attendance record

- *Audit and Risk Committee*
- *Nomination and Remuneration Committee*
- *Health, Safety and ESG Committee*

**Alwyn Davey (45)**  
**Company Secretary**

LLB



Appointed 12 April 2017

100%

Alwyn Davey was appointed as Company Secretary in 2017. Mr Davey has more than 18 years of experience as Company Secretary in relation to corporate governance, new stock market listings, secondary fundraising, and cross border mergers, acquisitions, and investments. Mr Davey was formerly a member of the executive committee of Cambrian Mining Plc, a diversified mining group listed in London. He was a Non-Executive Director of Energybuild Group Plc, a UK-listed coal company.

Mr Davey's primary responsibility is to support the Board in its corporate governance and administrative compliance of the Company with ASIC and the ASX Listing Rules, a role he has undertaken for several other ASX-listed entities as well as compliance with the TSXV Exchange Policies. Mr Davey holds an LLB degree from Waikato University, New Zealand.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Officers

**Michael Rodriguez (57)**  
**EGM Technical Services**



Michael Rodriguez is currently the Executive General Manager – Technical Services of Jervois. Mr Rodriguez previously worked at GoldCorp Inc., WMC Resources Limited (Olympic Dam and Kwinana Nickel Refinery), Glencore plc (Murrin Murrin), Gordes Nickel, Black Swan and Lake Johnston. Mr Rodriguez has more than 30 years of experience in the design, construction, commissioning, operation and management of hydrometallurgical and pyro-metallurgical plants across Australia, Turkey, Europe and the Americas.

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Appointed 18 March 2018

**Ken Klassen (54)**  
**General Counsel / EGM Legal**



Ken Klassen was the General Counsel of Glencore Plc where he was responsible for the global legal function including a team of in-house lawyers supporting executive management, business operations and the Board of Glencore, one of the world's largest diversified natural resources companies.

Prior to joining Glencore, Mr Klassen had a successful 20-year career as a Canadian M&A lawyer at leading Canadian firms.

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Appointed 1 June 2019

**Gregory Young (56)**  
**EGM Commercial**

Gregory Young is one of the world's foremost traders of nickel and cobalt products, with extensive knowledge of the commodities, their materials flow, market indices and pricing strategies.

Mr Young gained this experience during his 25-year tenure in Glencore's United States business, which culminated in his appointment as Co-Head of Glencore USA, a position he held for over 10 years. Mr Young ran Glencore's Stamford office in Connecticut, which housed approximately 50 metals traders and other employees.

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Appointed 16 October 2020

**Jess Birtcher (57)**  
**Acting Chief Financial Officer**

Jess Birtcher is an experienced resources executive and joined Jervois from Coeur Mining, a NYSE listed company, which operates five precious metal mines in North America. At Coeur, Mr Birtcher held the roles of Vice President – Internal Audit (from 2017) and Vice President – Corporate Controller (from 2013). Prior to his roles at Coeur, Mr Birtcher spent seven years as Finance Director in Rio Tinto's North American business unit and was a senior audit manager with Ernst & Young for 10 years.

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Appointed 1 April 2020  
Ceased 1 March 2021

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Board Composition and Performance

#### Board Composition

The Board is composed of leaders whose individual and combined expertise, shared values and principles and exceptional commitment to Jervois' success determine our organisational culture. During the period ending 31 December 2020, the Board was comprised of three Non-Executive Directors (two of whom were independent) with the separate roles of the Non-Executive Chairman and Chief Executive Officer governed by the Board Charter.

#### Board Performance

The number of meetings of the Company's Board held during the six-month period ended 31 December 2020 was 8 and the number of meetings attended by each Director were:

|                  | Directors' meetings |              | Meetings of Committees of Directors |   |                |   |
|------------------|---------------------|--------------|-------------------------------------|---|----------------|---|
|                  | Held (H)            | Attended (A) | Nomination and Remuneration         |   | Audit and Risk |   |
|                  |                     |              | H                                   | A | H              | A |
| Bryce Crocker    | 8                   | 8            |                                     |   |                |   |
| Peter Johnston   | 8                   | 8            | 1                                   | 1 | 2              | 2 |
| Brian Kennedy    | 8                   | 8            | 1                                   | 1 | 2              | 2 |
| Michael Callahan | 8                   | 8            | 1                                   | 1 |                |   |

As a relatively top-light organisation that highly values agility and fiscal discipline, the Board, through its Non-Executive Directors, are directly engaged in the Nomination and Remuneration Committee and, with respect to our Health, Safety and ESG, all leadership roles and responsibilities are wholly integrated within ongoing Board functions, activities and meetings of Directors (pg. 22).

#### Key Decisions of the Board

In the year ending December 31, 2020, the key decisions of the Board included:

- The agreement to acquire SMP Refinery
- The approval of the ICO BFS
- Review and approval of the proposed activities and operating budget for the 2020/2021 Financial year
- Approval for the A\$45.0 million Capital Raising

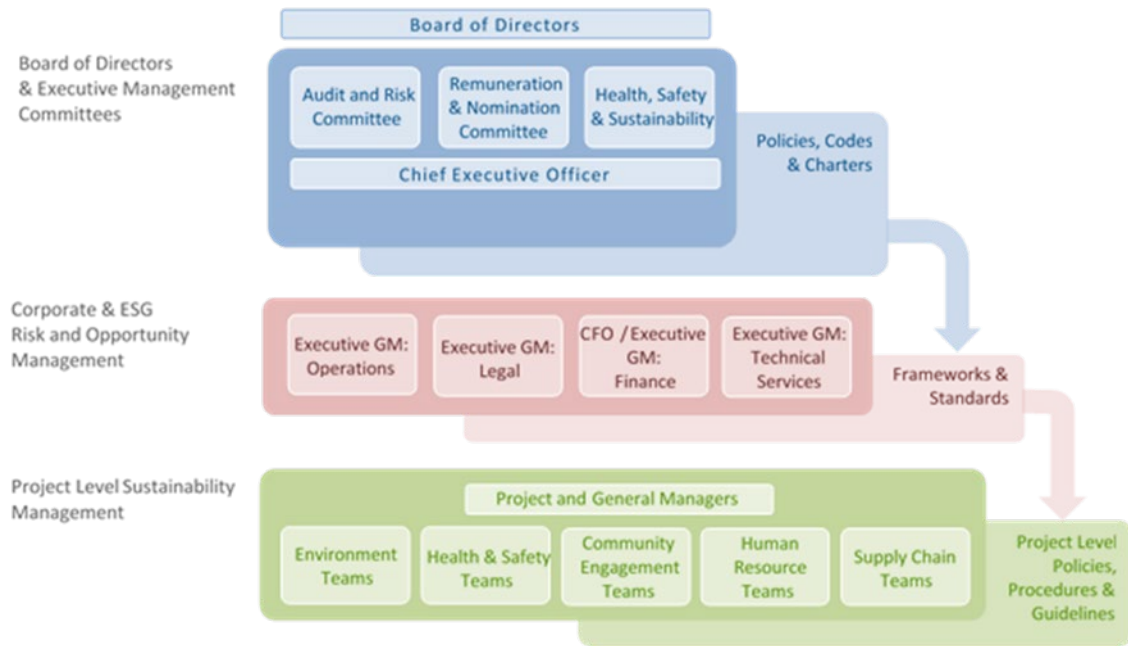
#### Performance Evaluation

Due to the shortened financial period, Jervois' did not undertake a specific internal performance evaluation to assess the overall effectiveness of the Board and its committees, however it did consider these aspects of its roles and responsibilities on an ad hoc basis at its regularly scheduled board meetings and through its review of its ESG activities. The Board evaluated the performance of its Chief Executive Officer during the period.

Moving forward it is intended that internal evaluations to identify strengths and areas for improvement and outline strategies and actions to enhance performance during the year will be undertaken.

## JEROVIS MINING LIMITED AND CONTROLLED ENTITIES

### Structure, Systems and Processes for Effective and Ethical Governance



The continued monitoring of our organisational culture to ensure full alignment with our core values of Responsibility, Integrity and Accountability (pg.2) requires ongoing ethical leadership and disciplined oversight of governance systems and processes by the Board. To achieve this, the Board Charter provides the overarching system and process to manage the Board’s responsibilities. The Board is further supported by key committees, each of which has specific terms of reference as outlined in their respective charters and available on the Company’s website.

#### Integration of Sustainability in Governance Structure

In the six-month period to 31 December 2020, Jervois made further progress towards integrating sustainability and related risks and opportunities within all aspects of the business. At the highest level, oversight of and direction to health, safety and sustainability were integrated within roles and functions of the Board and a formal Health, Safety and Sustainability Committee (“ESG Committee”) was created. Jervois is additionally taking steps to ensure that ESG risks and opportunities are systematically integrated within risk management processes at senior management and through to project levels. This includes developing a responsible mineral sourcing policy, applying a Supplier Standards policy to our local, regional and international suppliers and ongoing implementation of the different disciplines in the Sustainability standards throughout the group.

#### Integration of Risk and Opportunity Management

As exemplified by the impact and uncertainties posed by the global COVID-19 pandemic (pg. 26), the risk landscape is highly dynamic. In response to our changing risk profile, our growing commitments to sustainability and our evolving value proposition Jervois has made significant progress over the past six months to adapt and strengthen our risk management framework.



### JERVOIS' SUSTAINABILITY STANDARD

Our Sustainability Standard outlines minimum requirements for compliance with our Sustainability Policy. The Standard adapts and accounts for diversity in terms of the mining life cycle and differing geographies, peoples, cultures, economies and ecosystems.

The Standard defines the roles and functions of the Board through to project and ESG team and outlines internal ESG systems at corporate and project level including but not limited to:

- Environmental, social, occupational safety and health and human resource management systems
- Incident management and emergency prevention, preparedness and response
- Stakeholder consultation and engagement
- Local content and community development
- Grievance and whistleblower mechanisms
- Risk and opportunity management
- ESG monitoring, evaluation and reporting

Among key developments, we have taken steps towards embedding the assessment of ESG risks and opportunities within business processes at all levels from the Board through to operations and across design, on-site activities, and procurement. Multiple measures have been adopted to ensure adherence to the precautionary principle within our approach to risk management. These include, but are not limited to, adoption of codes of conduct, participation in industry initiatives such as the Cobalt Institute and Zeta (pg. 99), efforts to support positive community relations through stakeholder engagement and creation of conducive management structures (described herein), among others.

The Board is ultimately responsible for thoroughly assessing principal risks and opportunities facing Jervois, monitoring our risk exposure and response and ensuring related decisions serve our strategic priorities. Our Audit and Risk Committee plays a key oversight role with support from the Remuneration and Nomination function within the Board and Senior Management team.

Within their respective areas of responsibility, our Committees and Senior Management continually identify, prioritise and monitor emerging and prevailing risk while ensuring resulting decisions and actions are aligned with our core business objectives and vision, values and principles. At project level, ESG teams assess environmental, social and economic risks and opportunities on an ongoing basis under the oversight of Project Management.

A high degree of collaboration between senior management, projects and departments are essential to ensure that risks and opportunities are appropriately addressed at all levels and, particularly for material matters, inform more comprehensive, company-wide assessments. Risk management roles, functions and processes are defined in our charters, codes and, with respect to ESG matters, our Sustainability Standard.

Our current period reporting in relation to ESG is set out on [pgs. 5 to 6](#) and [pgs. 99 to 104](#) in Annex 1.

#### Policies, Charters and Codes

The Company annual Corporate Governance Statement dated 23 March 2021 is available on the Company's website. This sets out the extent to which the Company has, during the financial period ending 31 December 2020, followed the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations*.

#### Accountability Mechanisms

Jervois is committed to ensuring the highest standards of fair dealing, honesty and integrity in its business activities.

To support this, the Company adopted a new Whistleblower policy on 30 September 2020 which is available on its website. The purpose of this Policy is to provide an avenue for reports to be made regarding corporate misconduct, irregularities or any other behaviour that is unethical, corrupt or illegal relating to Jervois.

There is a standard agenda item at each Board meeting relating to Corporate Governance and Compliance which includes any reports via the Whistleblower policy, breaches of the Code of Conduct or similar information to be provided to the Board.

**DIRECTORS' REPORT**

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

### Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Jervois Mining Limited (referred to hereafter as "Jervois", the "Company", "consolidated entity" or "parent entity") and the entities it controlled for the six-month period ended 31 December 2020.

#### 1. Directors

Please see pages 18 to 19 for the details of the persons were Directors of Jervois during the whole of the financial period and up to the date of this report, unless otherwise stated:

#### 2. Directors' meetings

The number of meetings of the Company's Board of Directors ("the Board") held during the period ended 31 December 2020 was 8 and the number of meetings attended by each Director is set out on page 21.

#### 3. Principal activities

The principal activity of the consolidated entity during the year was mineral exploration and evaluation and mine construction, including associated metallurgical test work and research and development activities.

#### 4. Review of operations

The Review of Operations, sustainability overview and business performance is set out on pages 5 to 17 above.

#### **Capital Raising**

In October 2020, the Company announced a successful capital raising of A\$45.0 million with funds fully received by December 2020.

#### **Significant Developments**

The significant developments during the reporting period are outlined in detail in Section 6 of this Directors' Report entitled "Significant Changes in the State of Affairs".

#### **Business Risks**

The following represent the material business risks.

The Company's annual budget and related activities are subject to a range of assumptions and expectations all of which contain a level of risk. The Company adopts a risk management framework to identify, analyse, treat and monitor the risks applicable to the Group.

Detailed below are risk areas that have been identified as at the date of the Directors' Report which may affect Company's future operating and financial performance and the approach to managing them.

The Company is subject to numerous risks and uncertainties due to the nature of its business. The Company's activities expose it to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as the main risk factors affecting the Company.

#### *ICO BFS*

Risks associated with mining, geology and process has been largely mitigated through the BFS and the 2019 drilling and testwork programs. Geological risk will always remain on grade, which is planned by the Company to be further mitigated by infill drilling once underground access has been opened.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

Key risks moving forward at ICO identified in the BFS are:

- Construction of environmental systems – environmental systems and early works includes completion of the portal bench, miners dry and mining infrastructure, commissioning of the water treatment plant and pump back systems. This work has to be completed before mining development can commence in October 2021 and is subject to seasonal construction and can only start in June 2021.
- Long lead procurement Schedule Risk – procurement of the SAG mill in Q1 -2021 is on the Process Plant critical path and was achieved within the required time frame. In order to complete EC&I installation during winter 2021 the mechanical installation and the milling building construction has to be completed by October 2021.
- Detail Design Schedule Risk – detail design is important in terms of the construction schedule for both environmental systems/infrastructure and Process Plant Construction.
- Site Access and road usage – limiting road traffic and access to site is an environmental and safety risk which will be mitigated during construction by completing construction of the camp which will accommodate the bulk of construction and mining development resources/labour. Material and equipment deliveries will be managed/controlled through the Salmon warehouse to ensure deliveries to site are coordinated.

We cannot determine at this time whether a mine will ultimately be developed at ICO.

#### *Coronavirus (COVID-19) and Global Health Crisis*

The COVID-19 global pandemic and efforts to contain it may have an impact on the Company's business. These may extend to local impacts at the operational level, international travel restrictions, together with the broader global economic fallout. The Company continues to monitor the situation and the impact COVID-19 may have on the Company's mineral properties and refinery assets. Should the virus spread, travel bans remain in place or should one or more of the Company's executives become seriously ill, the Company's ability to advance its mineral properties or refinery assets may be impacted. Similarly, the Company's ability to obtain financing and the ability of the Company's vendors, suppliers, consultants and partners to meet obligations may be impacted as a result of COVID-19 and efforts to contain the virus.

#### *Global Operating Footprint*

The Company has investments across Australia, the United States, Brazil and Uganda. The integration and ongoing management of this portfolio imposes heightened risks related to the ongoing business prospects of Jervois, particularly in the context of COVID-19 travel restrictions.

#### *Commodity Prices*

The Company is not currently a producing entity so is not directly exposed to fluctuations in commodity prices although these will affect equity market sentiment, the value of its securities and its ability to raise further capital on desired terms. As the Company transitions to become a producer this risk will become the most material factor affecting its financial results.

The development of the Company's properties is dependent on the future prices of cobalt and nickel. Once the Company's properties enter commercial production, the Company's profitability will be significantly affected by changes in the market prices of cobalt and nickel. Metal prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Company's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of metal production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of metals are generally quoted) and political developments. The effect of these factors on the prices of precious metals, and therefore the economic viability of the Company's mineral properties, cannot be accurately determined. The prices of cobalt and nickel have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Company's mineral properties to be impracticable or uneconomic. As such, the Company may determine that it is not economically feasible to commence commercial production, which could have a material adverse impact on the Company's financial performance and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration activities.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### *Currency Fluctuations*

The Company's operations in the U.S., Brazil and Australia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position, operational results and cashflows. The Company typically raises equity in Australian dollars, reports its financial results in Australian dollars, however the majority of transactions are denominated in U.S. dollars. The Company does not currently use an active hedging strategy to reduce the risk associated with currency fluctuations.

#### *Credit Risk*

Credit risk is the risk of loss if a counterparty fails to meet their contractual obligations. Potential non-performance by Company suppliers, customers or financial counterparties is carefully assessed and managed. In relation to its cash balances and (when applicable) marketable securities, the Company manages credit risk by banking with leading global financial institutions.

#### *Reliance on Management*

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its Directors, officers or other qualified personnel required to operate its business, however, it does have a short-term incentive plan and long-term incentive plan in place to assist in the retention of its senior management.

#### *Exploration and Development*

Resource exploration and development is a speculative business and involves a high degree of risk. There is no certainty that the expenditures to be made by Jervois in the exploration of its mineral properties or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by Jervois will be affected by numerous factors beyond the control of Jervois. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Jervois not receiving an adequate return on invested capital.

#### *Financing Risks*

The Company will require financing in the future to continue to develop its business and there can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares, control of the Company may change, and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

#### *No History of Earnings*

Jervois has no history of earnings, and there is no assurance that the Company's mineral properties, refinery or any other property or business that Jervois may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. Jervois has no capacity to pay dividends at this time and has no plans to pay dividends for the foreseeable future.

#### *Negative Operating Cash Flow / Liquidity Risk*

The Company is an exploration and development company with opportunities to progress to an operating stage, however Jervois has not yet generated positive cash flow from operations. As a pre-revenue company Jervois is subject to liquidity risk. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is devoting significant resources to the development of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. Due to the lack of positive operating cashflow, Jervois manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring actual and forecast cash flows, and matching the maturity profiles of financial assets and liabilities.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### *Environmental Risks and Other Regulatory Requirements*

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining or refining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations, including any proposed development of the Company's mineral properties and restart of the SMP Refinery, may require the submission and approval of environmental impact assessments. Environmental legislation is evolving to stricter standards, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and Directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current environmental laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on Jervois and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or refinery operations, or require abandonment or delays in the development of new mining properties.

#### *Influence of Third-Party Stakeholders*

The mineral properties in which Jervois holds an interest, or the exploration equipment and road or other means of access which Jervois intends to utilise in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, Jervois' work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for Jervois.

#### *Insurance*

Exploration, development and production operations on mineral properties and in refineries involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and Jervois may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to Jervois' properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. Jervois expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. Jervois expects to carry liability insurance with respect to its mineral property operations and refining operations but is not expected to cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability

and result in increasing costs and a decline in the value of the securities of Jervois. If Jervois is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect Jervois' future cash flow and overall profitability.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### *Significant Competition for Attractive Mineral Properties*

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Jervois expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Jervois, Jervois may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, Jervois' ability to consummate and to effectively integrate any future acquisitions on terms that are favourable to Jervois may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, Jervois' ability to obtain financing on satisfactory terms, if at all.

#### *Community and Stakeholder Relations*

The Company's relationships with the community in which it operates are critical to ensure the future success of its existing operations and the construction and development of its project. The future success of Jervois is reliant on a healthy relationship with local communities in which the Company operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Company's business, financial position and operations.

#### *Climate Change Risks*

Jervois recognizes that climate change risks cannot be decoupled from business risks, financial and otherwise. Main climate change risks include, but are not limited to changes in the frequency, intensity and duration of acute or prolonged precipitation events or droughts that may affect operations (e.g. water balance, geotechnical stability, forest fires, safe working conditions and employee access) and supply chains (e.g. access to inputs, shipping of products). While global concerns regarding climate change may provide opportunities vis-à-vis EV batteries and other clean technologies, economic implications of climate change may pose additional risks through reduced global demand for products and costs of inputs, among others. Although, through its expanding ESG regime, Jervois is taking steps to mitigate its carbon emissions and assess climate change risks within its business and management processes, the nature and intensity of potential adverse impacts of climate change cannot be precisely ascertained.

#### *Share Price Fluctuations*

In recent years, capital markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration, development or construction-stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

#### *Jervois' Operations are Subject to Human Error*

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Jervois' interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Jervois. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Jervois might undertake and legal claims for errors or mistakes by Jervois personnel.

#### *Conflicts of Interest*

Certain Directors and officers of Jervois are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Jervois. Situations may arise in connection with potential acquisitions in investments where the other interests of these Directors and officers may conflict with the interests of Jervois. Directors and officers of Jervois with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### *Geopolitical Risk*

The Company's projects are in United States, Australia, Brazil and Uganda. Operating in these jurisdictions may expose the Company to a range of significant country specific risks including general economic, regulatory, legal, social and political conditions. Investing in emerging markets such as Uganda involves greater risk than investing in more developed markets. These and other country specific risks may affect Company's ability wholly or in part to operate its businesses.

Certain of Jervois' projects and operations are located in Uganda, a developing country which has historically experienced periods of civil unrest and political and economic instability. As such the operations of Jervois may be exposed various level of political, economic and other risks and uncertainties. Although the political and economic climate in Uganda is relatively stable, any negative changes in laws, government, regulations, economic conditions or political attitudes in Uganda are beyond the control of Jervois and may adversely affect its business. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation and mining laws, regulations and policies, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business.

In Uganda, land titles systems are not developed to the extent found in many developed nations. Jervois believes that it has good title to its mineral properties in Uganda. Whilst rights to explore mineral properties are currently held validly, no assurance can be given that the Ugandan government will not revoke or significantly alter the conditions of the applicable licenses and that such licenses will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to Jervois. There can be no assurance that claims by third parties against Jervois' properties will not be asserted at a future date.

#### *Calculation of Mineral Resources and Mineral Reserves*

There is a degree of uncertainty attributable to the calculation of Mineral Reserves, Mineral Resources and corresponding grades being mined or dedicated to future production. Until Mineral Reserves or Mineral Resources are actually mined and processed, the quantity of Mineral Reserves or Mineral Resources and grades must be considered as estimates only. In addition, the quantity of Mineral Reserves or Mineral Resources may vary depending on mineral prices. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or stripping ratio may affect the economic viability of Jervois' properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

#### *Limitations on the Mineral Resource Estimates*

Estimating the quantity and quality of mineral resources is an inherently uncertain process and the Mineral Resources stated and any Mineral Resources or Mineral Reserves the Company states in the future are and will be estimates and may not prove to be an accurate indication of the quantity of mineral that the Company has identified or that it will be able to extract.

The Mineral Resources estimates on the ICO and Nico Young Project are estimates only. No assurance can be given that any particular level of recovery of minerals will in fact be realised or that identified Mineral Resources will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralisation which may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. The estimated Mineral Resources on the ICO and Nico Young Project should not be interpreted as assurances of commercial viability or of the profitability of any future operations. Moreover, certain of the Mineral Resources are reported at an "Inferred" level. Inferred Mineral Resources have a substantial degree of uncertainty as to their existence, and economic and legal feasibility. Accordingly, there is no assurance that inferred Mineral Resources reported herein will ever be upgraded to a higher category. Investors are cautioned not to assume that part or all of an inferred Mineral Resources exists or is economically or legally mineable.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### *Project Assessment and Development Risk*

The Company completed the BFS on the ICO Project in September 2020, the study has determined that the project is economically and technically viable. The project is environmentally permitted, and the Company is still in the process of applying for final permits as needed and securing finance for the construction and commissioning of the project.

#### *Capital Management*

With the completion of the ICO BFS providing an encouraging outcome, the Company will be looking to advance the development of this project with the aim of first production in 2022. In addition, the Company has agreed to acquire the SMP Refinery in Brazil. To fully complete its long-term strategic business plans and objectives, which includes its stated development schedule for the construction at ICO, Jervois may require additional funding. Jervois continues to evaluate multiple financing options including, but not limited to, debt financing for the development of ICO, which supports these objectives while preserving the Company's liquidity and balance sheet strength.

If the Company is not successful in securing additional sources of funding, it still has the ability to fund the planned activities approved by the Board up to the date of signing the 31 December 2020 annual financial statements, including minimum expenditure requirements to maintain tenure on all projects within its global footprint, continued early works at ICO, lease payments at SMP Refinery and corporate and working capital requirements.

There can be no assurance that the Company will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Company is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely affect its business, financial condition and operating results.

#### *Pre-existing Environmental Liabilities*

Pre-existing environmental liabilities may exist on the properties in which Jervois currently holds an interest or on properties that may be subsequently acquired by Jervois which are unknown to Jervois and which have been caused by previous or existing owners or operators of the properties. In such event, Jervois may be required to remediate these properties and the costs of remediation could be substantial. Further, in such circumstances, Jervois may not be able to claim indemnification or contribution from other parties. In the event Jervois was required to undertake and fund significant remediation work, such event could have a material adverse effect upon Jervois and the value of its securities.

#### *Infrastructure and Logistics*

Jervois' business depends on adequate infrastructure, including reliable power sources, water supply, roads and other infrastructure. Water shortages, power outages, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect Jervois' business, financial condition and results of operations.

#### *Project Delay*

Jervois has a significant investment planned to complete construction in Idaho, US and to restart the SMP Refinery in Brazil. There are a number of risks inside and outside its control, such as availability of suitable financing, technical risk, infrastructure and logistics constraints, construction delays, cost overruns, insufficient labour skills or resources, delays in confirmatory permitting to move into construction then the commissioning and operating phases, or any other regulatory matters. Once complete given the risks outlined previously, there is no guarantee the results of ICO or SMP Refinery will be sufficient to offset such capital expenditures and generate adequate investor return.

#### *Licenses, Permits and Titles*

The Company holds multiple tenements, represented by licenses and/or titles to land that contain mineral resources or are prospective for minerals. At ICO, the Company holds permits for the operation of the project. Each of these tenements, licences and permits have certain requirements and obligations attached to them, which if not met, will result in the Company losing the rights to operate on these land areas and the resulting negative impact to the future prospects of the Company.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### *Permitting*

Jervois' mineral property interests and SMP Refinery are subject to receiving and maintaining permits from appropriate governmental authorities. In particular, prior to any development of any of the Company's mineral properties, Jervois will need to receive numerous permits from appropriate governmental authorities including those relating to mining operations, occupational health, toxic substances, waste disposal, safety, environmental protection, land use and others. There is no assurance that the Company will be able to obtain all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Further, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions.

#### *Land Title*

No assurances can be given that there are no title defects affecting the properties in which Jervois has an interest. The Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Other parties may dispute title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. Title may also be affected by undetected encumbrances or defects or governmental actions. Jervois has not conducted surveys of the Company's mineral properties and the precise area and location of claims and other mineral rights may be challenged. Jervois may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict Jervois' ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by Jervois invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although Jervois believes it has taken reasonable measures to ensure proper title to its mineral properties, there is no guarantee that such title will not be challenged or impaired.

#### *Nico Young NI 43-101 PEA*

The Nico Young PEA is based on Inferred Mineral Resources that are not of sufficient certainty to constitute a pre-feasibility study or a feasibility study. Jervois has not declared Proven or Probable Mineral Reserves at Nico Young, and no assurance can be given that we will ever be in a position to declare a Proven or Probable Mineral Reserve. For the Nico Young PEA to advance into feasibility study level, delineation of Proven or Probable Mineral Reserves will be required, which depends on a number of factors, including:

- the particular attributes of the deposit (including its size, grade, geological formation and proximity to infrastructure);
- metal prices, which are highly cyclical;
- government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and
- environmental protection considerations.

We cannot determine at this time whether any of our estimates will ultimately be correct.

#### **5. Dividends paid or recommended**

There were no dividends paid, recommended or declared during the current half-year or previous financial year.

#### **6. Significant changes in the state of affairs**

128,682,507 fully paid ordinary shares were issued on 28 October 2020 at A\$0.305 per share, to participants in tranche 1 of the A\$45.0 million placement announced on 19 October 2020.

18,858,478 fully paid ordinary shares were issued on 2 December 2020 following shareholder approval at the 2020 AGM, at A\$0.305 per share to participants in tranche 2 of the A\$45.0 million placement announced on 19 October 2020.

There have been no other significant changes in the state of affairs during the period.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### 7. Events subsequent to reporting date

The Directors of the Company have not identified any subsequent events in the interval between the end of the financial period and the date of this report, which would be material or unusual in nature, and likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### 8. Likely developments and expected results of operations

The consolidated entity will continue to advance ICO and Nico Young toward commercial production. It will undertake a feasibility study for the re-opening of the SMP Refinery. There are no significant changes in the nature or size of operations expected.

#### 9. Environmental regulation

The consolidated entity holds participating interests in several mining and exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies, during the period ended 31 December 2020.

#### 10. Directors' Interest

The relevant interest of each Director in the shares or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

|                  | Jervois Mining Limited |                              |
|------------------|------------------------|------------------------------|
|                  | Ordinary shares        | Options over ordinary shares |
| Bryce Crocker    | 2,775,000              | 25,000,000                   |
| Peter Johnston   | 3,405,738              | 8,375,000                    |
| Brian Kennedy    | 8,885,344              | 3,780,000                    |
| Michael Callahan | 2,864,900              | 2,260,000 <sup>1</sup>       |

1. Michael Callahan holds 1,980,000 options of eCobalt Solutions Inc, granted prior to its acquisition by Jervois and are convertible into new Jervois ordinary shares if exercised.

#### 11. Share Options

##### *Options granted to Directors and executives of the Company*

During the six-month period ended 31 December 2020, an additional 5,000,000 options were issued to Directors and 16,750,000 options to employee as part of the Company option plan, with 5,800,700 options forfeited and 800,000 exercised, thus bringing the options issued over ordinary shares to employees and consultants in the Company to 85,672,500 as at 31 December 2020. After the end of the financial period 500,000 options were exercised and 1,000,000 options were issued to employees, thus bringing the options issued over ordinary shares in the Company to 86,172,500 as at the date of this report.

The Company option plan offers individuals the opportunity to acquire options over fully paid ordinary shares in the Company. Share options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject to satisfying vesting conditions and performance criteria. The shares when issued rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

During or since the end of the six-month period to 31 December 2020, the Company granted options for no consideration over unissued shares in the Company to the following Directors and key management personnel as part of their remuneration:

|                   | Number of options granted | Exercise price | Vesting date    | Expiry date       |
|-------------------|---------------------------|----------------|-----------------|-------------------|
| <b>Directors</b>  |                           |                |                 |                   |
| Bryce Crocker     | 5,000,000                 | A\$0.31        | 1 October 2022  | 30 September 2025 |
| <b>Executives</b> |                           |                |                 |                   |
| Gregory Young     | 7,500,000                 | A\$0.325       | 19 October 2023 | 18 October 2028   |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

Details on options over ordinary shares in the Company that were granted as compensation for no consideration to each key management person, during the reporting period and details on options that vested during the reporting period are disclosed in the remuneration report.

#### *Unissued shares under option*

At the date of this report unissued shares of the Group under option are as follows:

| <b>Expiry date</b>         | <b>Exercise price (A\$)</b> | <b>Number of shares</b> |
|----------------------------|-----------------------------|-------------------------|
| 30-Nov-22                  | \$0.150                     | 15,000,000              |
| 30-May-24                  | \$0.345                     | 400,000                 |
| 18-Jun-24                  | \$0.305                     | 2,500,000               |
| 30-Sep-23                  | \$0.290                     | 5,000,000               |
| 1-Jul-23                   | \$0.295                     | 7,500,000               |
| 1-Jun-24                   | \$0.240                     | 2,500,000               |
| 12-Nov-25                  | \$0.240                     | 250,000                 |
| 14-Aug-27                  | \$0.200                     | 750,000                 |
| 15-Aug-27                  | \$0.200                     | 11,200,000              |
| 15-Aug-24                  | \$0.240                     | 2,500,000               |
| 30-Sep-24                  | \$0.240                     | 5,000,000               |
| 30-Sep-25                  | \$0.310                     | 5,000,000               |
| 31-Mar-28                  | \$0.150                     | 10,822,500              |
| 18-Oct-28                  | \$0.325                     | 7,500,000               |
| 3-Jan-29                   | \$0.290                     | 6,000,000               |
| 28-Feb-29                  | \$0.290                     | 3,250,000               |
| 28-Feb-29                  | \$0.500                     | 1,000,000               |
|                            | <b>Sub – Total</b>          | <b>86,172,500</b>       |
| <b>Acquisition Options</b> | <b>Exercise price (C\$)</b> |                         |
| 6-Sept-2021                | \$0.36                      | 998,250                 |
| 28-Jun-2022                | \$0.71                      | 1,344,750               |
| 28-Jun-2023                | \$0.61                      | 1,179,750               |
| 1-Oct-2023                 | \$0.53                      | 1,980,000               |
|                            | <b>Sub – Total</b>          | <b>5,502,750</b>        |
|                            | <b>Total</b>                | <b>91,675,250</b>       |

As at 31 December 2020, there were 85,672,500 unissued shares under option granted by Jervois. In addition, there were 18,015,250 unissued shares under option related to the acquisitions of eCobalt and M2 Cobalt. After the end of the financial period 500,000 options were exercised, and 1,000,000 options were granted thus bringing the options issued by Jervois over ordinary shares in the Company to 86,172,500 as at the date of this report. Of the Options related to the acquisitions, 10,487,500 were exercised after the end of the financial period and a further 2,025,000 expired. Once exercised, the option holder will be issued ordinary shares in the Company. Details of the terms and conditions of options granted under the Staff Option Plan as part of the Group's Long-Term Incentive Plan are outlined in the remuneration report and are included in Note 23 to the Financial Statements. The options do not entitle the holder to participate in any share issue of the Company.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### 12. Remuneration report – audited

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

#### Directors and senior management personnel

| Name                     | Position   | Commencement Date |
|--------------------------|--|-------------------|
| <b>Directors</b>         |  |                   |
| Bryce Crocker            | Director (Executive)                                   | 1 October 2017    |
| Peter Johnston           | Chairman (Non-Executive)                               | 1 July 2018       |
| Brian Kennedy            | Director (Non-Executive)                               | 1 October 2017    |
| Michael Callahan         | Director (Non-Executive)                               | 24 July 2019      |
| <b>Senior Executives</b> |  |                   |
| Bryce Crocker            | Chief Executive Officer                                | 1 October 2017    |
| Michael Rodriguez        | Executive General Manager (“EGM”) – Technical Services | 18 March 2019     |
| Ken Klassen              | General Counsel / EGM – Legal                          | 1 June 2019       |
| Gregory Young            | EGM – Commercial                                       | 16 October 2020   |
| James May                | Chief Financial Officer (“CFO”) / EGM Finance          | 1 March 2021      |

#### Changes to key management personnel

- Senior Executives**
- On 18 October 2020, Mr Floyd Varley ceased employment with the Company.
  - On 16 October 2020, Mr Gregory Young was appointed EGM - Commercial.

There were no other changes during the six-month period ended 31 December 2020.

Subsequent to the period end, Mr James May commenced as CFO / EGM Finance on 1 March 2021 and due to the timing of commencement of his role, he has not been included as a KMP during the six-month financial period.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

#### **Principles used to determine the nature and amount of remuneration**

After taking into account the consolidated entity's financial position and ability to pay market rates, both the full Board or the Chief Executive Officer acting with delegated responsibilities, aims to remunerate all its staff, including its key management personnel, fairly and reasonably to attract and retain appropriately qualified and experienced individuals capable of achieving the consolidated entity's business objectives for the benefit of shareholders.

To achieve this remuneration objective, the consolidated entity may offer its staff, including its key management personnel, total remuneration packages which include the various components detailed elsewhere in this remuneration report. If necessary, the consolidated entity will obtain independent professional advice from remuneration consultants to help it achieve its remuneration objective.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

The consolidated entity's remuneration objective has been designed to align Director and executives' objectives with shareholder and business objectives by providing both a base or fixed component and possibly short or long-term incentives. The consolidated entity's remuneration objective is considered to be appropriate for its current size and financial position and effective in its ability to attract and retain talented executives and Directors to run and manage the consolidated entity. None of the remuneration paid by the consolidated entity to its key management personnel during the reporting period was dependent on the satisfaction of a performance condition.

The Board, as a whole, acts as the remuneration committee and determines the following:

- the over-arching executive remuneration framework;
- operation of incentive plans which apply to the executive team, including key performance indicators and performance hurdles;
- remuneration levels of Executive Directors and other key personnel; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

#### **Executive remuneration**

In determining executive remuneration (including Executive Directors), the Board or Chief Executive Officer applies the remuneration objective articulated above, by aiming to ensure that the consolidated entity's executive remuneration is competitive and reasonable, aligned with the consolidated entity's business objectives and acceptable to shareholders.

The executive remuneration and reward framework has three components:

- Base pay and benefits, including superannuation
- Short-term incentives (entirely discretionary), which if required are approved by shareholders
- Long-term incentives (entirely discretionary), which if required are approved by shareholders

The above framework provides for a mixture of different types of remuneration to provide flexibility in aligning executive reward with the consolidated entity's business objectives and the creation of shareholder value.

In exercising its discretion in considering the incentives, the Remuneration Committee does not refer to specific KPI's but instead consider the individuals overall contribution to the activities of the group, the performance of an individual within their specific roles and the overall performance of the group and the outcomes it has achieved in the year.

During the period, all the consolidated entity's executive remuneration was comprised of base pay and benefits, including superannuation, short and long-term incentives comprising the payment of cash, issue of shares or granting of options.

Executives receive their base pay in cash and any non-financial fringe benefits in kind. Executives are offered base pay that comprises the fixed component of their pay and rewards. There are no guaranteed pay increases in any of the executive's employment contracts. Non-financial benefits include expense payments benefits. None of this type of remuneration is dependent on the satisfaction of any performance conditions.

The consolidated entity makes superannuation contributions on each component of an executive's total remuneration package that is subject to Australian superannuation guarantee legislation. The consolidated entity also contributes on behalf of each executive any salary sacrificed superannuation contributions, should they elect to do so. All superannuation contributions are made to the superannuation fund elected by each executive. Superannuation contributions were paid to the superannuation funds elected by the consolidated entity's executives during the financial year.

The consolidated entity's long-term incentives are provided as approved by shareholders at the 2018, 2019 and 2020 annual general meetings. At the 2020 annual general meeting 99.1% approved the remuneration report for 30 June 2020. The Company did not receive any specific feedback at the annual general meeting regarding its remuneration practices. The long-term incentives are designed to provide long-term incentives for all the consolidated entity's staff, including its executives. No specific performance conditions are attached to the vesting conditions for any options granted other than continued employment. The Directors of the parent entity have discretion to determine all the terms and conditions for any options granted, including such matters as who participates, the vesting conditions, exercise price and expiry date etc. Options are granted for no consideration and carry no dividend or voting rights.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

The consolidated entity does not currently attach any performance conditions or pre-defined targets to the vesting conditions of any options granted plan, which would need to be achieved before the options vested other than continued employment. Given the current size of the consolidated entity, performance conditions or targets are not considered necessary as each individual executive's relative performance and contribution to the consolidated entity will be taken into account by the Board when it determines the vesting conditions applicable to any options granted. There were management options granted during the financial year. In addition, a short-term incentive cash payment was paid to Bryce Crocker for his performance in the role of Chief Executive Officer.

#### **Non-Executive Director remuneration**

Non-Executive Director fees are paid within an aggregate limit which must not exceed A\$250,000 (excluding mandatory superannuation) per annum or such other maximum as determined by the Company in a general meeting.

The total cash fees paid to each Independent Non-Executive Director for the six-month period to 31 December 2020 and for the 30 June 2020 financial year are disclosed in the Details of remuneration table below.

All Non-Executive Directors are eligible to participate in the options granted.

All Non-Executive Directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committees or shareholders or while engaged on other Jervois Mining Limited business.

#### **Key terms of employment contracts**

The remuneration and other terms of employment for the Executive Directors and Senior Management are set out in service agreements. These agreements make provision for a fixed remuneration component, and options as a long-term incentive. The material terms of the service agreements are set out below.

| Term   | Conditions  | Position  |
|--|---|---|
| Duration of contract   | Ongoing until notice is given by either party   | Executive Directors/Company Secretary/Senior Management |
| Voluntary termination (i.e. termination by executive by giving notice) | 3 months' notice, (other than for Ken Klassen which is 30 days' notice)   | Executive Directors/Company Secretary/Senior Management |
| Termination by Company without cause                                   | 3 months' notice with payment of fixed compensation or payment in lieu (other than for Ken Klassen which is 30 days' notice)                    | Executive Directors/Company Secretary/Senior Management |
| Termination by Company for cause                                       | Employment may be terminated immediately without notice if the executive commits any act or omission justifying summary dismissal at common law | Executive Directors/Company Secretary/Senior Management |

Non-Executive Directors have an ongoing appointment with a notice period of 20 days if terminated by the Director and three months if terminated by the Company, other than for cause, in which case the termination may be terminated with immediate effect. There are no termination payments payable to Non-Executive Directors.

#### **Use of remuneration consultants**

The consolidated entity did not engage any independent remuneration consultants during the financial year in relation to any aspects of the consolidated entity's remuneration, including that paid to its key management personnel.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### Details of remuneration

Details of the remuneration of Directors and key management personnel of the consolidated entity are set out in the following tables.

| 6 months to 31 December 2020           | Short-term benefits        |                        |                                      |                  | Post-employment benefits | Share-based payments  | Value of options as proportion of total remuneration | Total            |
|--|----------------------------|------------------------|--------------------------------------|------------------|--------------------------|-----------------------|--|------------------|
|  | Salary and Directors' fees | Bonus payments         | Non-monetary benefits <sup>(1)</sup> | Consultancy fees | Superannuation           | Equity <sup>(2)</sup> | %  |                  |
|  | \$A                        |                        | \$A                                  | \$A              | \$A                      | \$A                   | %  | \$A              |
| <b>Non-Executive Directors:</b>        |                            |                        |                                      |                  |                          |                       |  |                  |
| P Johnston <sup>(3)</sup>              | 18,750                     | -                      | -                                    | -                | -                        | 18,891                | 50.2   | 37,641           |
| B Kennedy <sup>(3)</sup>               | 6,000                      | -                      | -                                    | -                | -                        | 25,761                | 81.1   | 31,761           |
| M Callahan <sup>(3)</sup>              | 6,000                      | -                      | -                                    | -                | -                        | 5,635                 | 48.4   | 11,635           |
| <b>Executive Directors:</b>            |                            |                        |                                      |                  |                          |                       |  |                  |
| B Crocker                              | 150,405                    | 140,000 <sup>(4)</sup> | 8,468                                | -                | 14,289                   | 463,816               | 59.7   | 776,978          |
| <b>Other Key Management Personnel:</b> |                            |                        |                                      |                  |                          |                       |  |                  |
| M Rodriguez <sup>(5)</sup>             | 140,884                    | -                      | -                                    | -                | 10,140                   | 129,783               | 46.2   | 280,807          |
| K Klassen                              | -                          | -                      | -                                    | 114,441          | -                        | 94,426                | 45.2   | 208,867          |
| G Young <sup>(6)</sup>                 | -                          | -                      | -                                    | -                | -                        | 122,698               | 100.0  | 122,698          |
| F Varley <sup>(7)</sup>                | 47,378                     | -                      | -                                    | -                | 1,540                    | -                     | -  | 48,918           |
| <b>Total</b>                           | <b>369,417</b>             | <b>140,000</b>         | <b>8,468</b>                         | <b>114,441</b>   | <b>25,969</b>            | <b>861,010</b>        | <b>56.7</b>  | <b>1,519,305</b> |

- Includes the value of fringe benefits and other allowances.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 31 December 2020). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*. All options granted under the LTIP are equity settled.
- The Non-Executive Directors waived their fees for the period 1 April 2020 to 30 September 2020 due to the COVID-19 pandemic.
- STI bonus of A\$140,000 paid in December 2020.
- Includes annual leave accrued during the year of A\$34,148.
- Appointed on 16 October 2020. Mr Young does not receive a salary or other benefits other than the grant of options included in Share-Based Payments.
- Resigned on 18 October 2020.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

| 12 months to 30 June 2020              | Short-term benefits        |                                      |                        | Post-employment benefits | Share-based payments  | Value of options as proportion of total remuneration | Total            |
|--|----------------------------|--------------------------------------|------------------------|--------------------------|-----------------------|--|------------------|
|  | Salary and Directors' fees | Non-monetary benefits <sup>(1)</sup> | Consultancy fees       | Superannuation           | Equity <sup>(2)</sup> | %  |                  |
|  | \$A                        | \$A                                  | \$A                    | \$A                      | \$A                   | %  | \$A              |
| <b>Non-Executive Directors:</b>        |                            |                                      |                        |                          |                       |  |                  |
| P Johnston                             | 75,000                     | -                                    | -                      | -                        | 104,963               | 58.3   | 179,963          |
| B Kennedy                              | 24,000                     | -                                    | -                      | -                        | 153,546               | 86.5   | 177,546          |
| M Callahan <sup>(3)</sup>              | -                          | -                                    | -                      | -                        | 33,588                | 100.0  | 33,588           |
| S Hean <sup>(4)</sup>                  | -                          | -                                    | -                      | -                        | -                     | -  | -                |
| S Clarke <sup>(5)</sup>                | -                          | -                                    | -                      | -                        | -                     | -  | -                |
| <b>Executive Directors:</b>            |                            |                                      |                        |                          |                       |  |                  |
| B Crocker                              | 315,222 <sup>(8)</sup>     | 17,285                               | -                      | 27,096                   | 752,673               | 67.7   | 1,112,276        |
| <b>Other Key Management Personnel:</b> |                            |                                      |                        |                          |                       |  |                  |
| M Rodriguez                            | 256,732 <sup>(10)</sup>    | -                                    | -                      | 22,069                   | 595,608               | 68.1   | 874,409          |
| K Klassen                              | -                          | -                                    | 269,229 <sup>(9)</sup> | -                        | 157,445               | 36.9   | 426,674          |
| F Varley <sup>(6)</sup>                | 345,924 <sup>(10)</sup>    | -                                    | -                      | 8,723                    | 575,587               | 61.9   | 930,234          |
| A Edelmeier <sup>(7)</sup>             | -                          | -                                    | 66,661                 | -                        | -                     | -  | 66,661           |
| <b>Total</b>                           | <b>1,016,878</b>           | <b>17,285</b>                        | <b>335,890</b>         | <b>57,888</b>            | <b>2,373,410</b>      | <b>62.4</b>  | <b>3,801,351</b> |

- Includes the value of fringe benefits and other allowances.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 30 June 2020). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*. All options granted under the LTIP are equity settled.
- Appointed as Director on 24 July 2019.
- Resigned as Non-Executive Director on 19 September 2019.
- Resigned as Non-Executive Director on 24 July 2019.
- Appointed as COO on 24 July 2019.
- Resigned as Interim CFO on 31 October 2019.
- Includes a payment of A\$30,000 for the extension of vesting conditions to 30 September 2022 from 30 September 2019 related to the 1,000,000 shares granted (following shareholder approval) for appointment as an Executive Director. This amendment was effective on 26 September 2019. The market price of the ordinary shares on this day was A\$0.215. There was no change to the fair value of the 1,000,000 ordinary shares due to the change in vesting date.
- Includes A\$15,688 for reimbursement of expenses.
- Includes annual leave accrued during the year of A\$24,425 for Michael Rodriguez and A\$11,989 for Floyd Varley.

#### Share-based compensation

##### Issue of shares and options

During the period to 31 December 2020, 12,500,000 options were issued to Directors and key management personnel.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### Options

There were 57,727,500 options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 31 December 2020.

#### Additional information

The Directors are committed to developing and maintaining a remuneration policy and practices that are targeted at the achievement of corporate values and goals and the maximisation of shareholder value. None of the key management personnel remuneration in the current year or in the previous year was linked to measured performance, other than as part of the discretionary consideration of the long-term incentives granted during the current year.

No key management personnel were provided with any loans during the year.

The earnings of the consolidated entity for the five years to 31 December 2020 are summarised below:

| In thousands                      | 31 December<br>2020 <sup>(1)</sup><br>\$A | 30 June<br>2020<br>\$A | 30 June<br>2019<br>\$A | 30 June<br>2018<br>\$A | 30 June<br>2017<br>\$A |
|-----------------------------------|---|------------------------|------------------------|------------------------|------------------------|
| Other income                      | 283                                       | 3,259                  | 4,138                  | 446                    | 5,376                  |
| Profit / (loss) before income tax | (24,139)                                  | (8,898)                | (5,377)                | (6,951)                | 3,944                  |
| Profit / (loss) after income tax  | (24,139)                                  | (8,898)                | (6,001)                | (6,951)                | 3,944                  |

<sup>(1)</sup> Six-month period only.

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

|   | 31 December<br>2020<br>\$A | 30 June<br>2020<br>\$A | 30 June<br>2019<br>\$A | 30 June<br>2018<br>\$A | 30 June<br>2017<br>\$A |
|---|----------------------------|------------------------|------------------------|------------------------|------------------------|
| Share price at financial year end (\$)            | 0.39                       | 0.16                   | 0.22                   | 0.41                   | 0.06                   |
| Basic (loss) / profit per share (cents per share) | (3.44)                     | (1.43)                 | (2.67)                 | (3.84)                 | 3.64                   |

The majority of the current Board and management team, led by Bryce Crocker, were appointed in October 2017 and July 2018. Over the last three years, the strategic focus of Jervois has transitioned toward a focus on battery materials. Jervois is specifically focused upon EV battery cathode raw materials (nickel and cobalt are required in most commercially established battery chemistries), charging infrastructure and EV materials. As a result of this focus, non-core assets have been disposed of resulting in the Other Income in the past 3 years.

The primary focus of the Company is now the development of its Idaho Cobalt Operations and the restart of the SMP refinery. The Company also owns the Nico Young Project as another of its core assets as well as exploration properties in Uganda. Advancement of these projects, including the ICO BFS in 2020, Nico Young 43-101 Preliminary Economic Assessment in 2019 and exploratory drilling in Uganda in 2019 and 2020 have contributed to the loss incurred each year. Alongside management performance, macro-economic conditions as well as movements in battery metal commodity prices have contributed to the share price performance of the Company.

#### Additional disclosures relating to key management personnel

#### Shareholding

The number of shares in the Company held during the six-month financial period by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

|                         | Balance at the start of the period | Additions <sup>(1)</sup> | Disposals / held at time of resignation | Balance at the end of the period |
|-------------------------|------------------------------------|--------------------------|---|----------------------------------|
| <b>Ordinary shares</b>  |                                    |                          |   |                                  |
| P Johnston              | 2,750,000                          | 655,738                  | -                                       | 3,405,738                        |
| B Kennedy               | 7,246,000                          | 1,639,344                | -                                       | 8,885,344                        |
| M Callahan              | 2,864,900                          | -                        | -                                       | 2,864,900                        |
| B Crocker               | 2,775,000                          | -                        | -                                       | 2,775,000                        |
| M Rodriguez             | -                                  | -                        | -                                       | -                                |
| K Klassen               | 2,725,000                          | 983,607                  | -                                       | 3,708,607                        |
| F Varley <sup>(2)</sup> | -                                  | -                        | -                                       | -                                |
| G Young                 | -                                  | 2,459,016                | -                                       | 2,459,016                        |
| <b>Total</b>            | <b>18,360,900</b>                  | <b>5,737,705</b>         | <b>-</b>                                | <b>24,098,605</b>                |

1. Shares acquired through participation in the October 2020 placement following shareholder approval.
2. Resigned 18 October 2020

#### Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

|                                     | Balance at the start of the period | Held at time of appointment in Current period | Additions <sup>(4)</sup> | Disposals / held at time of resignation | Balance at the end of the period |
|-------------------------------------|------------------------------------|---|--------------------------|---|----------------------------------|
| <b>Options over ordinary shares</b> |                                    |   |                          |   |                                  |
| P Johnston                          | 8,375,000                          | -   | -                        | -                                       | 8,375,000                        |
| B Kennedy                           | 3,780,000                          | -   | -                        | -                                       | 3,780,000                        |
| M Callahan                          | 2,260,000 <sup>(3)</sup>           | -   | -                        | -                                       | 2,260,000                        |
| B Crocker                           | 20,000,000                         | -   | 5,000,000                | -                                       | 25,000,000                       |
| M Rodriguez                         | 7,000,000                          | -   | -                        | -                                       | 7,000,000                        |
| K Klassen                           | 3,812,500                          | -   | -                        | -                                       | 3,812,500                        |
| F Varley <sup>(1)</sup>             | 3,500,000                          | -   | -                        | 3,500,000                               | -                                |
| G Young <sup>(2)</sup>              | -                                  | -   | 7,500,000                | -                                       | 7,500,000                        |
| <b>Total</b>                        | <b>48,727,500</b>                  | <b>-</b>                                      | <b>12,500,000</b>        | <b>3,500,000</b>                        | <b>57,727,500</b>                |

1. Resigned on 18 October 2020
2. Appointed on 16 October 2020
3. This includes 1,980,000 options on issue, at the time of the eCobalt merger, to Michael Callahan who was a former Director of eCobalt Solutions and are reflected as being held at the start of the period. Under the terms of the merger, these options will be exercised into shares of the Company.
4. See tables following for further detail

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

|           | Options granted during the period | Grant date | Fair value per option on grant date | Vesting date | Exercise price | Expiry date | % vested during the period | % lapsed during the period | Value of options granted during the period | Value of options exercised during the period |
|-----------|-----------------------------------|------------|-------------------------------------|--------------|----------------|-------------|----------------------------|----------------------------|--|--|
|           |                                   |            | A\$                                 |              | A\$            |             |                            |                            | A\$  |  |
| B Crocker | 5,000,000                         | 01/10/2020 | 0.2045                              | 01/10/2022   | 0.31           | 30/09/2025  | -                          | -                          | 1,022,403                                  | -  |
| G Young   | 7,500,000                         | 19/10/2020 | 0.2454                              | 19/10/2023   | 0.325          | 18/10/2028  | -                          | -                          | 1,840,468                                  | -  |

All options granted to Directors and KMP as at 31 December 2020:

|                           | Options granted in prior years | Grant date | Fair value per option on grant date | Vesting date | Exercise price | Expiry date | % vested | % lapsed | Value of options granted | Value of options exercised |
|---------------------------|--------------------------------|------------|-------------------------------------|--------------|----------------|-------------|----------|----------|--------------------------|----------------------------|
|                           |                                |            | A\$                                 |              | A\$            |             |          |          | A\$                      |                            |
| B Crocker                 | 10,000,000                     | 01/10/2017 | 0.5612                              | 01/10/2019   | 0.15           | 30/11/2022  | 100      | -        | 5,612,388                | -                          |
|                           | 5,000,000                      | 01/10/2018 | 0.2335                              | 01/10/2020   | 0.29           | 30/09/2023  | 100      | -        | 1,167,301                | -                          |
|                           | 5,000,000                      | 01/10/2019 | 0.1505                              | 01/10/2021   | 0.24           | 30/09/2024  | -        | -        | 752,673                  | -                          |
|                           | 5,000,000                      | 01/10/2020 | 0.2045                              | 01/10/2022   | 0.31           | 30/09/2025  | -        | -        | 1,022,403                | -                          |
| M Rodriguez               | 2,500,000                      | 01/10/2017 | 0.5612                              | 01/10/2018   | 0.15           | 30/11/2022  | 100      | -        | 1,403,097                | -                          |
|                           | 2,500,000                      | 15/08/2019 | 0.1423                              | 15/08/2021   | 0.24           | 15/08/2024  | -        | -        | 355,693                  | -                          |
|                           | 2,000,000                      | 01/04/2020 | 0.1198                              | 01/04/2023   | 0.15           | 31/03/2028  | -        | -        | 239,541                  | -                          |
| K Klassen                 | 2,500,000                      | 01/06/2019 | 0.1620                              | 01/06/2022   | 0.24           | 01/06/2024  | -        | -        | 405,110                  | -                          |
|                           | 1,312,500                      | 01/04/2020 | 0.1198                              | 01/04/2023   | 0.15           | 31/03/2028  | -        | -        | 157,199                  | -                          |
| G Young                   | 7,500,000                      | 19/10/2020 | 0.2454                              | 19/10/2023   | 0.325          | 18/10/2028  | -        | -        | 1,840,468                | -                          |
| P Johnston                | 7,500,000                      | 02/11/2018 | 0.1036                              | 01/07/2020   | 0.295          | 01/07/2023  | 100      | -        | 777,299                  | -                          |
|                           | 875,000                        | 01/04/2020 | 0.1198                              | 01/04/2023   | 0.15           | 31/03/2028  | -        | -        | 104,799                  | -                          |
| B Kennedy                 | 2,500,000                      | 01/10/2017 | 0.5612                              | 01/10/2018   | 0.15           | 30/11/2022  | 100      | -        | 1,403,097                | -                          |
|                           | 1,280,000                      | 01/04/2020 | 0.1198                              | 01/04/2023   | 0.15           | 31/03/2028  | -        | -        | 153,306                  | -                          |
| M Callahan <sup>(1)</sup> | 280,000                        | 01/04/2020 | 0.1198                              | 01/04/2023   | 0.15           | 31/03/2028  | -        | -        | 33,536                   | -                          |

1. This excludes 1,980,000 options on issue, at the time of the eCobalt merger, to Michael Callahan who was a former Director of eCobalt Solutions.

Of the Options granted in the period the consolidated entity does not currently attach any performance conditions or pre-defined targets to the vesting conditions of any options granted plan, which would need to be achieved before the options vested other than continued employment. Given the current size of the consolidated entity, performance conditions or targets are not considered necessary as each individual executive's relative performance and contribution to the consolidated entity will be taken into account by the board when it's determines the vesting conditions applicable to any options granted. Long-term incentives were paid by the consolidated entity during the financial period to its Executive Director, Mr Bryce Crocker and KMP, Mr Gregory Young as set out above. There were no changes to the terms or conditions of the existing options granted to Directors of senior management.

This concludes the remuneration report.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' Report

#### 13. Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### 14. Indemnity of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

#### 15. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

#### 16. Audit and non-audit service and review

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to Ernst & Young ("EY") (as the current Group auditor) for audit and non-audit services provided are set out in note 9.

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants'.

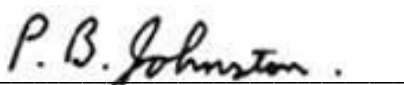
There are no officers of the Company who are former partners of Ernst & Young.

#### 17. Lead auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report. EY was appointed as auditors of the Company on 5 August 2020. This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Dated at Melbourne this 23rd day of March 2021.

Signed in accordance with a resolution of the directors:



Peter Johnston  
Chairman



**Building a better  
working world**

Ernst & Young  
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Fax: +61 3 8650 7777  
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## **Auditor's independence declaration to the directors of Jervois Mining Limited**

As lead auditor for the audit of the financial report of Jervois Mining Limited for the six month period ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jervois Mining Limited and the entities it controlled during the period ended 31 December 2020.

*Ernst & Young*  
Ernst & Young

Matthew A. Honey  
Partner  
23 March 2021

**Consolidated Financial Statements**



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Consolidated statement of financial position

As at 31 December 2020

|   | Note | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|---|------|-----------------------------|-------------------------|
| <b>Current assets</b>   |      |                             |                         |
| Cash and cash equivalents   | 12   | 42,331                      | 5,663                   |
| Other receivables   | 14   | 50                          | 252                     |
| Prepayments   |      | 369                         | 234                     |
| Term deposits   | 15   | 116                         | 116                     |
| Inventories   |      | 78                          | 88                      |
| <b>Total current assets</b>                                       |      | <b>42,944</b>               | <b>6,353</b>            |
| <b>Non-current assets</b>   |      |                             |                         |
| Security deposits   | 16   | 158                         | 178                     |
| Exploration and evaluation  | 17   | 7,171                       | 53,590                  |
| Property, plant and equipment                                     | 18   | 74,114                      | 59,213                  |
| Intangible assets   |      | 418                         | 347                     |
| Reclamation deposits  | 19   | 2,813                       | 2,999                   |
| Right-of-use asset  | 4    | 31,847                      | -                       |
| <b>Total non-current assets</b>                                   |      | <b>116,521</b>              | <b>116,327</b>          |
| <b>Total assets</b>   |      | <b>159,465</b>              | <b>122,680</b>          |
| <b>Current liabilities</b>  |      |                             |                         |
| Trade and other payables  | 20   | 811                         | 715                     |
| Employee benefits   | 21   | 255                         | 184                     |
| Loans   |      | 104                         | 116                     |
| Lease liability   | 4    | 13,195                      | -                       |
| <b>Total current liabilities</b>                                  |      | <b>14,365</b>               | <b>1,015</b>            |
| <b>Non-current liabilities</b>                                    |      |                             |                         |
| Deferred tax liabilities  |      | 36                          | 38                      |
| Employee benefits   | 21   | 19                          | 18                      |
| Asset retirement obligation                                       | 22   | 9,808                       | 10,861                  |
| Lease liability   | 4    | 13,720                      | -                       |
| <b>Total non-current liabilities</b>                              |      | <b>23,583</b>               | <b>10,917</b>           |
| <b>Total liabilities</b>  |      | <b>37,948</b>               | <b>11,932</b>           |
| <b>Net assets</b>   |      | <b>121,517</b>              | <b>110,748</b>          |
| <b>Equity</b>   |      |                             |                         |
| Share capital   | 23   | 208,937                     | 164,476                 |
| Reserves  | 24   | 7,524                       | 17,077                  |
| Accumulated losses  |      | (94,944)                    | (70,805)                |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>121,517</b>              | <b>110,748</b>          |

The above statement of financial position should be read in conjunction with the accompanying notes.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2020

|  | Note | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|--|------|--|---|
| Other income   | 7    | 283  | 3,259                                   |
| Administrative expenses  |      | (101)                                      | (187)                                   |
| Communication expenses   |      | (8)  | (82)                                    |
| Employee benefits expense  | 8    | (760)                                      | (1,457)                                 |
| Share-based payments   | 25   | (1,373)                                    | (3,484)                                 |
| Insurance premiums   |      | (103)                                      | (104)                                   |
| Professional fees  |      | (994)                                      | (1,825)                                 |
| Business development costs   |      | (154)                                      | (234)                                   |
| Securities quotation fees  |      | (313)                                      | (385)                                   |
| Tenancy and property costs   |      | (9)  | (20)                                    |
| Other expenses   |      | (404)                                      | (573)                                   |
| Depreciation and amortisation  | 8    | (160)                                      | (322)                                   |
| Impairment of exploration assets   | 17   | (20,789)                                   | (1,063)                                 |
| Professional fees incurred with M2 Cobalt and eCobalt acquisitions                                     |      | (17)                                       | (2,657)                                 |
| Gain on sale of fixed assets   |      | -  | 49                                      |
| Net foreign exchange gain  |      | 877  | 174                                     |
| Interest income  |      | -  | 52                                      |
| Interest expense   | 8    | (114)                                      | (39)                                    |
| <b>Loss before income tax expense</b>  |      | <b>(24,139)</b>                            | <b>(8,898)</b>                          |
| Income tax expense   | 10   | -  | -                                       |
| <b>Loss for the period</b>   |      | <b>(24,139)</b>                            | <b>(8,898)</b>                          |
| <b>Loss after income tax expense for the year attributable to the owners of Jervois Mining Limited</b> |      | <b>(24,139)</b>                            | <b>(8,898)</b>                          |
| Other comprehensive income:  |      |  |   |
| <i>Items that may be subsequently reclassified to profit or loss:</i>                                  |      |  |   |
| Exchange reserve arising on translation of foreign operations  |      | (10,783)                                   | 2,143                                   |
| <i>Items that will not be reclassified to profit or loss in subsequent periods:</i>                    |      |  |   |
| Change in fair value of equity instrument at FVOCI   |      | -  | 1,016                                   |
| <b>Total other comprehensive income</b>  |      | <b>(10,783)</b>                            | <b>3,159</b>                            |
| <b>Total comprehensive loss for the period attributable to the owners of Jervois Mining Limited</b>    |      | <b>(34,922)</b>                            | <b>(5,739)</b>                          |
| <b>(Loss) per share for the period attributable to the owners of Jervois Mining Limited</b>            |      |  |   |
| Basic (loss) per share (A\$ cents)   | 11   | (3.44)                                     | (1.43)                                  |
| Diluted (loss) per share (A\$ cents)   | 11   | (3.44)                                     | (1.43)                                  |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Consolidated statement of changes in equity

For the six months ended 31 December 2020

|   | Issued<br>capital<br>A\$'000 | Share capital<br>reserve<br>A\$'000 | Share-based<br>payment<br>reserve<br>A\$'000 | Foreign<br>currency<br>translation<br>reserve<br>A\$'000 | Retained<br>earnings<br>A\$'000 | Total<br>A\$'000 |
|---|------------------------------|-------------------------------------|--|--|---------------------------------|------------------|
| <b>Balance as at 1 July 2020</b>                                      | 164,476                      | 2,245                               | 12,751                                       | 2,081  | (70,805)                        | 110,748          |
| <b>Total comprehensive income</b>                                     |                              |                                     |  |  |                                 |                  |
| <b>Loss for the period</b>  | -                            | -                                   | -  | -  | (24,139)                        | (24,139)         |
| <i>Other comprehensive income</i>                                     |                              |                                     |  |  |                                 |                  |
| Foreign currency translation<br>differences for foreign<br>operations | -                            | -                                   | -  | (10,783)   | -                               | (10,783)         |
| <b>Total comprehensive income<br/>for the period</b>                  | -                            | -                                   | -  | (10,783)   | (24,139)                        | (34,922)         |
| <b>Transactions with owners,<br/>recorded directly in equity</b>      |                              |                                     |  |  |                                 |                  |
| Issue of ordinary shares  | 45,000                       | -                                   | -  | -  | -                               | 45,000           |
| Costs of raising equity   | (990)                        | -                                   | -  | -  | -                               | (990)            |
| Value of options issued   | -                            | -                                   | 1,373  | -  | -                               | 1,373            |
| Share-based payment<br>transactions                                   | 451                          | -                                   | (143)  | -  | -                               | 308              |
| <b>Balance as at 31 December<br/>2020</b>                             | 208,937                      | 2,245                               | 13,981                                       | (8,702)  | (94,944)                        | 121,517          |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Consolidated statement of changes in equity

For the six months ended 31 December 2020

|   | Issued<br>capital<br>A\$'000 | Share capital<br>reserve<br>A\$'000 | Share-based<br>payment<br>reserve<br>A\$'000 | Financial<br>assets<br>reserve<br>A\$'000 | Foreign<br>currency<br>translation<br>reserve<br>A\$'000 | Retained<br>earnings<br>A\$'000 | Total<br>A\$'000 |
|---|------------------------------|-------------------------------------|--|---|--|---------------------------------|------------------|
| <b>Balance as at 1 July 2019</b>                                | 85,932                       | -                                   | 9,242  | (8,484)                                   | (63)   | (54,439)                        | 32,190           |
| <b>Total comprehensive income</b>                               |                              |                                     |  |   |  |                                 |                  |
| <b>Loss for the period</b>                                      | -                            | -                                   | -  | -   | -  | (8,898)                         | (8,898)          |
| <i>Other comprehensive income</i>                               |                              |                                     |  |   |  |                                 |                  |
| Foreign currency translation differences for foreign operations | -                            | -                                   | -  | -   | 2,143  | -                               | 2,143            |
| Change in fair value of equity instrument at FVOCI              | -                            | -                                   | -  | 1,016                                     | -  | -                               | 1,016            |
| <b>Total comprehensive income for the period</b>                | -                            | -                                   | -  | 1,016                                     | 2,143  | (8,898)                         | (5,739)          |
| Transfer to retained earnings                                   | -                            | -                                   | -  | 7,468                                     | -  | (7,468)                         | -                |
| <b>Transactions with owners, recorded directly in equity</b>    |                              |                                     |  |   |  |                                 |                  |
| Issue of ordinary shares  | 78,869                       | -                                   | -  | -   | -  | -                               | 78,869           |
| Costs of raising equity   | (326)                        | -                                   | -  | -   | -  | -                               | (326)            |
| Value of options issued   | -                            | 2,245                               | 3,509  | -   | -  | -                               | 5,754            |
| <b>Balance as at 30 June 2020</b>                               | 164,476                      | 2,245                               | 12,751                                       | -   | 2,081  | (70,805)                        | 110,748          |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Consolidated statement of cash flows

For the six months ended 31 December 2020

|   | Note | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---|------|--|---|
| <b>Cash flows from operating activities</b>                   |      |  |   |
| Proceeds from sale of royalties                               | 7    | -  | 3,101                                   |
| Sundry income   | 7    | 92   | 158                                     |
| Payments to suppliers and employees                           |      | (2,678)                                    | (4,592)                                 |
| Merger costs  |      | -  | (773)                                   |
| Interest  |      | -  | (39)                                    |
| <b>Net cash outflow from operating activities</b>             | 13   | <b>(2,586)</b>                             | <b>(2,145)</b>                          |
| <b>Cash flows from investing activities</b>                   |      |  |   |
| Interest received   |      | -  | 52                                      |
| Payments for property, plant and equipment                    |      | (238)                                      | (467)                                   |
| Payments for exploration and evaluation                       |      | (2,414)                                    | (13,574)                                |
| Payments for intangible assets                                |      | (162)                                      | -                                       |
| Proceeds from the sale of fixed assets                        |      | -  | 354                                     |
| R&D tax offset received in relation to exploration assets     |      | 1,544                                      | -                                       |
| Proceeds from sale of investments                             | 7    | 191  | -                                       |
| Funds from subsidiary acquired                                |      | -  | 994                                     |
| <b>Net cash outflow from investing activities</b>             |      | <b>(1,079)</b>                             | <b>(12,641)</b>                         |
| <b>Cash flows from financing activities</b>                   |      |  |   |
| Proceeds from issue of shares                                 |      | 45,309                                     | 16,578                                  |
| Share issue transaction costs                                 |      | (990)                                      | (324)                                   |
| Repayment of lease liability                                  | 4    | (3,910)                                    | -                                       |
| <b>Net cash inflow from financing activities</b>              |      | <b>40,409</b>                              | <b>16,254</b>                           |
| <b>Net increase in cash and cash equivalents</b>              |      | <b>36,744</b>                              | <b>1,468</b>                            |
| Cash and cash equivalents at the beginning of the period      |      | 5,663                                      | 4,187                                   |
| Effects of exchange rate changes on cash and cash equivalents |      | (76)                                       | 8                                       |
| <b>Cash and cash equivalents at the end of the period</b>     | 12   | <b>42,331</b>                              | <b>5,663</b>                            |

The above statement of cash flows should be read in conjunction with the accompanying notes.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

### Notes to the Financial Statements

#### 1. Corporate information

The financial statements cover Jervois Mining Limited as a consolidated entity consisting of Jervois Mining Limited (the "Company" or "Jervois") and the entities it controlled (together referred to as the "Group") at the end of, or during, the six-month period ended 31 December 2020. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Jervois is a listed public company limited by shares, incorporated in Australia, with a registered office at:

Suite 508,  
737 Burwood Road  
Hawthorn East, Victoria, 3123, Australia

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 March 2021. The Directors have the power to amend and reissue the financial statements.

#### 2. Basis of preparation

##### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). These statements have been rounded to the nearest thousands in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

##### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are recognised at fair value. Cost is based on the fair values of the consideration given in exchange for assets. Where necessary, comparative figures have been reclassified and repositioned for consistency with the current year disclosures.

##### (c) Change of financial year end

The financial year of the Company has changed from 30 June to 31 December to align the year end date of the Company with that of its subsidiary companies in both the United States and Uganda and to improve the efficiency of the Company's financial reporting and planning cycles. Accordingly, the financial period reported in these financial statements covers the six-month period from 1 July 2020 to 31 December 2020. Comparative figures for these financial statements cover the twelve-month period from 1 July 2019 to 30 June 2020. The results for the current period are therefore not directly comparable with the results for the prior period.

##### (d) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the six-month period ended 31 December 2020, the Group recorded a net loss of A\$24.139 million (twelve-month period ended 30 June 2020: loss of A\$8.898 million) and had net equity of A\$121.517 million (twelve-month period ended 30 June 2020: A\$110.748 million). The net loss includes non-cash impairment charges of A\$20.789 million (twelve-month period ended 30 June 2020: A\$1.063 million) and non-cash share-based payments expenses of A\$1.373 million (twelve-month period ended 30 June 2020: A\$3.484 million).

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

During the six-month period ended 31 December 2020, net cash outflow from operating activities was A\$2.586 million (twelve-month period ended 30 June 2020: outflow of A\$2.145 million), net cash outflow from investing activities was A\$1.079 million (twelve-month period ended 30 June 2020: outflow of A\$12.641 million) and net cash inflow from financing activities was A\$40.409 million (twelve-month period ended 30 June 2020: inflow of A\$16.254 million).

As at 31 December 2020, the Group had cash and cash equivalents of A\$42.331 million (30 June 2020: A\$5.663 million). As at 31 December 2020, the Group had total current assets of A\$42.944 million (30 June 2020: A\$6.353 million) and total current liabilities of A\$14.365 million (30 June 2020: A\$1.015 million), resulting in net current assets of A\$28.579 million (30 June 2020: A\$5.338 million).

The Directors believe that the going concern basis of accounting is appropriate for the following reasons:

- During the period, the Company was successful at raising additional equity capital to pursue its strategic business plans and objectives and enhance the Group's liquidity and balance sheet strength.
- Management and the Directors have reviewed the Group's consolidated cashflow requirements for the twelve-month period from the date of signing the 31 December 2020 annual financial statements and the forecast shows that the current cash on hand will be sufficient to meet the planned activities approved by the Board up to the date of signing the 31 December 2020 annual financial statements, and the Group's corporate and working capital requirements during this period. This includes, but is not limited to, the minimum Exploration and Mining Licence compliance obligations over the twelve months following the date of signing the 31 December 2020 annual financial statements (the forecast period).
- The Company completed the Bankable Feasibility Study ("BFS") on the Idaho Cobalt Operations ("ICO") project in September 2020, with the study determining that the project is economically and technically viable.
- The Company entered into a lease as part of the acquisition of the São Miguel Paulista refinery in Brazil, further strengthening the Company's positioning for both nickel and cobalt refining.

However, in order to fully complete its long-term strategic business plans and objectives, which includes its stated development schedule for the construction at ICO (for commercial production by mid-2022), the Group may require additional funding. The Group continues to evaluate multiple financing options including, but not limited to, debt financing for the development of ICO, which supports these objectives while preserving the Group's liquidity and balance sheet strength.

No adjustments have been made to the recoverability and classification of recorded assets amounts or the amounts and classification of liabilities that might be necessary if the Group does not continue as a going concern.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

(e) **Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and other factors, including expectations of future events management believes to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period and that have the most significant effect on the amounts recognised in the financial statements are described below:

**Exploration and evaluation costs**

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that rights to tenure of the area of interest are current; and

- (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or
- (b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Such expenditure consists of an accumulation of acquisition costs and exploration and evaluation costs incurred, together with direct overhead expenditure. The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount.

Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be impaired in the period in which this determination is made. All exploration assets are reviewed for impairment at each reporting period.

**Property, plant, and equipment**

Expenditures for new facilities or equipment that extend the useful lives of existing facilities or equipment are capitalised and recorded at cost. Facilities and equipment acquired as part of a lease, build-to-suit or other financing arrangements are capitalised and recorded based on the contractual lease terms. The facilities and equipment are depreciated using the straight-line method at rates sufficient to depreciate capitalised costs over the estimated productive lives of such facilities. These estimated productive lives do not exceed the related estimated mine lives, which are based upon proven and probable reserves.

**Leases**

*Lease term*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has a lease contract that includes a termination option. Judgement is applied in evaluating the likelihood of exercising the termination option. That is, consideration is given to all relevant factors that create an economic incentive to exercise the termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate. The Group includes the period covered by the termination option as part of the lease term only when it is reasonably certain not to be exercised.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### *Incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease and, therefore, uses the relevant incremental borrowing rate ("IBR") to measure the lease liability. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain entity-specific judgements.

##### *Purchase option*

The Group has a lease contract that includes a purchase option. Judgement is applied in evaluating the likelihood of exercising the purchase option. That is, consideration is given to all relevant factors that create an economic incentive to exercise the purchase option. The purchase option is also payable in stages. Judgement is applied to determine the timing of these payments, based on contractual obligations, if the purchase option is reasonably certain to be exercised by the Group.

##### **Asset retirement obligation**

The Company records a provision for the estimated future costs of site reclamation and closure of operating projects, which are discounted to net present value using the risk-free interest rate applicable to the future cash outflows. Judgement is used to estimate future costs which incorporate assumptions on the effects of inflation on those future costs, movements in foreign exchange rates, and other specific risks associated with the related liabilities.

##### **Taxation**

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss.

#### **(f) New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. A summary of significant standards follows:

##### *Amendments to AASB 3: Business Combinations*

The amendment to AASB 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The Company adopted this amendment to AASB effective 1 July 2020 with no effect.

Apart from the above, other accounting standards, amendments and interpretations that have been issued and will be applicable in future periods have been considered, however their impact is not considered material to the Company.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 3. Summary of significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

##### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2020 and the results of all subsidiaries for the year then ended. Jervois Mining Limited and its subsidiaries together are referred to in these financial statements as the “consolidated entity”.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

##### **Revenue recognition**

The consolidated entity recognises revenue as follows:

###### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

During 2020, the Company had no revenue from contracts with customers to transfer goods or services that would be accounted for under AASB 15.

###### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery or transfer of title.

###### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### *Other income*

Other income is recognised when it is received or when the right to receive payment is established. This includes royalties which were sold during the previous year and a gain was recognised on the transaction (see Note 7).

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### **Trade and other receivables**

Trade receivables represent outstanding customer balances less any provision for impairment at the end of a reporting period and are recorded when revenue is recognised. Judgement is required to determine the appropriate IFRS 9 classification of trade receivables containing provisional pricing features (i.e. the final selling price is subject to movements in market prices after the date of sale) to be measured at amortised cost or fair value through profit and loss. This requires an assessment of the exposure of the underlying trade receivable to future movements in market prices at the date of initial recognition of such receivable, which is typically the date of delivery of the goods. Those receivables that are exposed to future movements in market prices have contractual cash flow characteristics that are not solely payments of principal and interest and are therefore measured at fair value through profit or loss. For those receivables that are not exposed to future movements in market prices, a further assessment of the business model for managing the receivables is required to determine the appropriate classification and measurement. The business model pertaining to those receivables that do not contain provisional pricing features is to hold the assets to collect the contractual cash flows and as such, these financial assets are classified as at amortised cost. Other receivables are recognised at amortised cost, less any provision for impairment.

##### **Financial liabilities**

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

##### **Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional benefits or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

Where the business combination is achieved in stages, the group measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit and loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree at full value; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

After acquisition date, transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the Group. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised as a separate reserve within equity.

The assets, liabilities and contingent liabilities recognised at acquisition date are recognised at fair value.

#### **Asset retirement obligation**

The Company records a provision for the estimated future costs of site reclamation and closure of operating projects, which are discounted to net present value using the risk-free interest rate applicable to the future cash outflows. Estimates of future costs represent management's best estimate which incorporate assumptions on the effects of inflation for those future costs, movements in foreign exchange rates, other specific risks associated with the related liabilities. A provision for reclamation and closure is re-measured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining activities, changes to cost estimates and changes to the risk-free interest rate. A provision for site reclamation and closure cost obligations is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs. Reclamation and closure cost obligations relating to mine development projects are initially recorded with a corresponding increase to the carrying amounts of related mining properties.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### **Financial assets other than receivables**

###### *Investments and other financial assets*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all a financial asset, its carrying value is written off.

###### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

###### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

###### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured based on the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised at the time of initial recognition of the receivables.

###### *Equity instruments*

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### **Property, plant and equipment**

All classes of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                     |            |
|---------------------|------------|
| Buildings           | 5-30 years |
| Motor vehicles      | 5 years    |
| Office equipment    | 4-20 years |
| Plant and equipment | 4-20 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

##### *Assets under construction*

Expenditure is transferred from exploration and evaluation assets to assets under construction, which is a sub-category of property, plant and equipment, once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in assets under construction. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income.

##### **Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease under AASB 16.

At commencement on, or modification of, a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group applies the practical expedient and elects, by class of underlying asset, not to separate non-lease components from lease components and instead accounts for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

incremental borrowing rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for any lease payments made.

#### **Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. These assets are classified as tangible assets in the statement of financial position. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The carrying value relating to an area of interest is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

The value of research and development tax incentives received in relation to exploration assets is recognised by deducting the grant when arriving at the carrying value of the asset. As any site moves into operational mode, exploration and evaluation assets are reclassified as mine properties and accordingly amortised using units of production method over the life of mine.

As site operations transition from the exploration stage to development of mining operations (i.e. construction stage), exploration and evaluation expenditures are reclassified as assets under construction. These exploration and evaluation assets are assessed for impairment prior to reclassification as assets under construction. Assets under construction are considered a subset of property, plant and equipment and are depreciated accordingly as commercial production commences.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **Employee benefits**

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions unless specifically identified in the grant. The vesting conditions comprise a service condition only.

The grant date fair value of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **Fair value measurement**

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### **Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Earnings / (loss) per share**

##### *Basic earnings / (loss) per share*

Basic earnings / (loss) per share is calculated by dividing the loss attributable to the owners of Jervois Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

##### *Diluted earnings / (loss) per share*

Diluted earnings / (loss) per share adjusts the figures used in the determination of basic loss per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **Goods and Services Tax ("GST") and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 4. Acquisition of São Miguel Paulista Refinery

In September 2020, Jervois announced it had agreed to acquire 100% of the São Miguel Paulista nickel and cobalt refinery (“SMP Refinery”) located in São Paulo, Brazil, from Companhia Brasileira de Alumínio (“CBA”) (an investee company of Votorantim) for R\$125.0 million (equivalent to A\$31.4 million at 31 December 2020), payable in tranches. This is part of the Company’s strategy to become a fully integrated producer of battery metals.

Jervois will initially lease SMP Refinery from CBA (“Refinery Lease”), providing Jervois access to undertake a Feasibility Study for the restart. Subject to Jervois’ Early Termination Right up to September 2021, the lease shall continue until closing of Jervois’ acquisition of SMP Refinery (“Closing”) which is subject to the satisfaction of usual conditions precedent and is expected to occur by December 2021.

As discussed, the purchase price is payable in tranches as follows:

- a) R\$15.0 million (equivalent to A\$3.9 million at 14 December 2020, the lease commencement date) cash as a deposit (“Deposit Payment”). The Refinery Lease commences five business days after receipt by CBA of the Deposit Payment. Should Jervois elect to exercise its Early Termination Right, the Deposit Payment will be forfeited, and no further tranches will be payable. On Closing, the Deposit Payment shall be applied to the purchase price for SMP Refinery.
- b) R\$47.5 million (equivalent to A\$11.9 million at 31 December 2020): on Closing.
- c) R\$25.0 million (equivalent to A\$6.2 million at 31 December 2020): on the earlier to occur of:
  - (i) SMP Refinery meeting certain production thresholds (average of 125mt per month of contained refined nickel and/or cobalt); and
  - (ii) 30 June 2023.
- d) R\$37.5 million (equivalent to A\$9.4 million at 31 December 2020): on 30 June 2023.

On 9 December 2020, the Deposit Payment was duly made, resulting in commencement of the Refinery Lease on 14 December 2020. Further lease payments will commence in March 2021 and are payable monthly until either exercise of the Early Termination Right or Closing.

The carrying amount of the right-of-use asset recognised at 31 December 2020 and the movements during the six-month period ended 31 December 2020 in relation to the Refinery Lease is as follows:

|                               | <b>31 December 2020</b> |
|-------------------------------|-------------------------|
|                               | <b>A\$’000</b>          |
| <b>As at 1 July 2020</b>      | -                       |
| Additions                     | 31,895                  |
| Depreciation expense (i)      | (48)                    |
| <b>As at 31 December 2020</b> | <b>31,847</b>           |

- i. The right-of-use asset is depreciated using the straight-line method over the useful life of the underlying asset, which is determined on the same basis as those of property plant and equipment, as the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

The carrying amount of the lease liability recognised at 31 December 2020 and the movements during the six-month period ended 31 December 2020 in relation to the Refinery Lease is as follows:

|                               | <b>31 December 2020</b> |
|-------------------------------|-------------------------|
|                               | <b>A\$'000</b>          |
| <b>As at 1 July 2020</b>      | -                       |
| Additions                     | 27,985                  |
| Accretion of interest         | 114                     |
| Foreign currency translation  | (1,184)                 |
| <b>As at 31 December 2020</b> | <b>26,915</b>           |

The following amounts were recognised in profit or loss during the six-month period ended 31 December 2020 in relation to the Refinery Lease:

|  | <b>6 months to</b>      | <b>12 months to</b> |
|--|-------------------------|---------------------|
|  | <b>31 December 2020</b> | <b>30 June 2020</b> |
|  | <b>A\$'000</b>          | <b>A\$'000</b>      |
| Depreciation expense relating to right-of-use asset          | (48)                    | -                   |
| Interest expense relating to lease liability                 | (114)                   | -                   |
| Unrealised foreign exchange gain relating to lease liability | 1,184                   | -                   |
| <b>Total</b>   | <b>1,022</b>            | <b>-</b>            |

The following amounts were recognised in the statement of cash flows during the six-month period ended 31 December 2020 in relation to the Refinery Lease:

|                                      | <b>6 months to</b>      | <b>12 months to</b> |
|--------------------------------------|-------------------------|---------------------|
|                                      | <b>31 December 2020</b> | <b>30 June 2020</b> |
|                                      | <b>A\$'000</b>          | <b>A\$'000</b>      |
| Payments relating to lease liability | (3,910)                 | -                   |
| <b>Total</b>                         | <b>(3,910)</b>          | <b>-</b>            |

#### 5. Acquisition of eCobalt Solutions (prior year acquisition)

On 24 July 2019, Jervois completed the acquisition of eCobalt Solutions ("eCobalt"). eCobalt owned 100% of a cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho, referred to as the Idaho Cobalt Operations (the "ICO"). The ICO comprises the largest NI 43-101 compliant cobalt resource in the United States, with the deposit open along strike and at depth, Jervois believes that it has significant opportunity for additional expansion.

The ICO is an advanced-stage project with approximately US\$100 million invested to date in mineral resource definition, plant and infrastructure. The mine and mill site are located on National Forest lands, and activities must adhere to United States Forest Service ("USFS") and Environmental Protection Authority ("EPA") requirements – the site is permitted, and has an approved Plan of Operations, for production of up to 1,200 short tonnes per day of ore. Construction on the site is set to recommence beginning early 2021.

The Group has accounted for the acquisition of eCobalt as a business combination effective 24 July 2019, as required under accounting standard AASB 3 Business Combinations. In accounting for the business combination, the Group has recognised and measured the fair value of the consideration, the fair value of the assets acquired and liabilities and contingent liabilities assumed at that date. Management has evaluated the final fair value of the net assets acquired and has determined that no further adjustments are required.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 6. Segment reporting

The Group is organised into the following reportable segments: mineral exploration and evaluation in Australia, Uganda and the United States of America and mineral processing in Brazil. These segments are based on the internal reports that are reviewed and used by the Company's Chief Executive Officer (the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources.

The accounting policies used by the Company in reporting segments internally are the same as those used in the 30 June 2020 annual financial report. The Group's operating segments are outlined below:

|                                 |  |
|---------------------------------|--|
| <b>Australia</b>                | Includes Nico Young and other Australian tenement licenses held.   |
| <b>Brazil</b>                   | Includes the SMP Refinery currently under lease in São Paulo, Brazil.  |
| <b>Uganda</b>                   | Includes the prospective exploration licences held in Uganda.  |
| <b>United States of America</b> | Includes the ICO cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho.  |
| <b>Other</b>                    | Consists of non-core exploration not related to Australia, Uganda and the USA, corporate costs, including acquisition costs and financing costs. This is not a reportable segment. |

Management monitors the expenditure outlays of each segment for the purpose of cost control and making decisions about resource allocation. The Company's administration and financing functions are managed on a group basis and are included in "Other". Information regarding these segments is presented below:

|                                  | <b>Australia</b> | <b>Brazil</b>   | <b>Uganda</b>   | <b>USA</b>      | <b>Other</b>   | <b>Total</b>    |
|----------------------------------|------------------|-----------------|-----------------|-----------------|----------------|-----------------|
| <b>6 months to</b>               | <b>A\$'000</b>   | <b>A\$'000</b>  | <b>A\$'000</b>  | <b>A\$'000</b>  | <b>A\$'000</b> | <b>A\$'000</b>  |
| <b>31 December 2020</b>          |                  |                 |                 |                 |                |                 |
| Other income                     | -                | -               | -               | 27              | 256            | 283             |
| Segment expense                  | (46)             | -               | -               | (50)            | (4,140)        | (4,236)         |
| Impairment                       | (236)            | -               | (20,553)        | -               | -              | (20,789)        |
| Depreciation and amortisation    | -                | (48)            | -               | (104)           | (8)            | (160)           |
| Interest income                  | -                | -               | -               | -               | -              | -               |
| Interest expense                 | -                | (114)           | -               | -               | -              | (114)           |
| Net foreign exchange gain/(loss) | -                | 1,184           | -               | (192)           | (115)          | 877             |
| Income tax expense               | -                | -               | -               | -               | -              | -               |
| <b>Segment result</b>            | <b>(282)</b>     | <b>1,022</b>    | <b>(20,553)</b> | <b>(319)</b>    | <b>(4,007)</b> | <b>(24,139)</b> |
| <b>Segment assets</b>            | <b>8,135</b>     | <b>31,847</b>   | <b>57</b>       | <b>75,439</b>   | <b>43,987</b>  | <b>159,465</b>  |
| <b>Segment liabilities</b>       | <b>-</b>         | <b>(26,915)</b> | <b>-</b>        | <b>(10,167)</b> | <b>(866)</b>   | <b>(37,948)</b> |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

|                               | Australia    | Brazil   | Uganda        | USA             | Other          | Total           |
|-------------------------------|--------------|----------|---------------|-----------------|----------------|-----------------|
| 12 months to<br>30 June 2020  | A\$'000      | A\$'000  | A\$'000       | A\$'000         | A\$'000        | A\$'000         |
| Other income                  | -            | -        | -             | 88              | 3,171          | 3,259           |
| Segment expense               | (417)        | -        | (667)         | (230)           | (10,534)       | (11,848)        |
| Depreciation and amortisation | -            | -        | -             | (304)           | (18)           | (322)           |
| Net finance costs             | -            | -        | -             | (38)            | 51             | 13              |
| Net foreign exchange gain     | -            | -        | -             | -               | -              | -               |
| Income tax expense            | -            | -        | -             | -               | -              | -               |
| <b>Segment result</b>         | <b>(417)</b> | <b>-</b> | <b>(667)</b>  | <b>(484)</b>    | <b>(7,330)</b> | <b>(8,898)</b>  |
| <b>Segment assets</b>         | <b>9,858</b> | <b>-</b> | <b>20,703</b> | <b>84,346</b>   | <b>7,773</b>   | <b>122,680</b>  |
| <b>Segment liabilities</b>    | <b>-</b>     | <b>-</b> | <b>(27)</b>   | <b>(11,390)</b> | <b>(515)</b>   | <b>(11,932)</b> |

#### Geographical information

The group operates in these principal geographical areas: Australia, Brazil, Uganda and the United States of America.

|                          | 2020             |                       | 2020         |                       |
|--------------------------|------------------|-----------------------|--------------|-----------------------|
|                          | 6 months to      | 6 months to           | 12 months to | 12 months to          |
|                          | 31 December 2020 | 31 December 2020      | 30 June 2020 | 30 June 2020          |
|                          | Income           | Non-current<br>assets | Income       | Non-current<br>assets |
|                          | A\$'000          | A\$'000               | A\$'000      | A\$'000               |
| Australia                | 256              | 9,799                 | 3,171        | 9,998                 |
| Brazil                   | -                | 31,847                | -            | -                     |
| Uganda                   | -                | -                     | -            | 20,667                |
| United States of America | 27               | 73,179                | 88           | 83,887                |
| Other                    | -                | 1,696                 | -            | 1,775                 |
| <b>Total</b>             | <b>283</b>       | <b>116,521</b>        | <b>3,259</b> | <b>116,327</b>        |

#### 7. Other income

|                           | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---------------------------|--|---|
| Sale of royalty (i)       | -  | 3,101                                   |
| Sale of shares (ii)       | 191  | -                                       |
| Other                     | 92   | 158                                     |
| <b>Total other income</b> | <b>283</b>                                 | <b>3,259</b>                            |

- i. In October 2019, the Company sold its Bullabulling gold royalty to a subsidiary of Zijin Mining Group Co Ltd.
- ii. In August 2020, the Company sold its shares in Vox Royalty.



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 8. Expenses

|   | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---|--|---|
| Depreciation and amortisation                       | 160  | 322                                     |
| Impairment of exploration and evaluation assets (i) | 20,789                                     | 1,063                                   |
| Interest expense                                    | 114  | 39                                      |
| Salaries and wages                                  | 760  | 1,457                                   |
| Share-based payment expenses                        | 1,373                                      | 3,484                                   |
| <b>Total expenses</b>                               | <b>23,196</b>                              | <b>6,365</b>                            |

i. See Note 17 – Exploration and evaluation.

#### 9. Auditors' remuneration

|   | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---|--|---|
| <b>(a) Fees to Ernst &amp; Young (Australia)</b>  |  |   |
| Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities   | 168  | 140                                     |
| Fees for assurance services that are required by legislation to be provided by the auditor  | -  | -                                       |
| Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm | -  | -                                       |
| Fees for other services:  |  |   |
| - Tax compliance  | 22   | 68                                      |
| <b>Total fees to Ernst &amp; Young (Australia)</b>  | <b>190</b>                                 | <b>208</b>                              |
| <b>(b) Fees to other overseas member firms of Ernst &amp; Young (Australia)</b>   |  |   |
| Fees for auditing the financial report of any controlled entities   | 9  | 6                                       |
| Fees for other services:  |  |   |
| - Tax compliance  | 13   | -                                       |
| - Others  | 18   | -                                       |
| <b>Total fees to overseas member firms of Ernst &amp; Young (Australia)</b>   | <b>40</b>                                  | <b>6</b>                                |
| <b>Total fees to Ernst &amp; Young</b>  | <b>230</b>                                 | <b>214</b>                              |
| <b>(c) Fees to other auditors</b>   |  |   |
| Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities, related to when BDO was the auditor of the Group     | -  | 33                                      |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 10. Income tax expense

|  | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|--|--|---|
| Loss before tax from continuing operations                               | (24,139)                                   | (8,898)                                 |
| Income tax using the domestic corporation tax rate of 30%                | (7,242)                                    | (2,670)                                 |
| <b>Changes in income tax benefit due to:</b>                             |  |   |
| Effect of different tax rates in foreign jurisdictions                   | 1,045                                      | 100                                     |
| Effect of expenses that are not deductible in determining taxable income | 412  | 1,045                                   |
| Effect of temporary differences  | 4,830                                      | (53)                                    |
| Effect of deferred tax losses not brought to account                     | -  | -                                       |
| Other  | -  | -                                       |
| Current period tax losses for which no deferred tax asset was recognised | 955  | 1,577                                   |
| <b>Total income tax (benefit)/expense on pre-tax net profit</b>          | <b>-</b>                                   | <b>-</b>                                |
| <b>Current tax (benefit)/expense</b>                                     | <b>-</b>                                   | <b>-</b>                                |
| <b>Deferred tax expense</b>  | <b>-</b>                                   | <b>-</b>                                |
| <b>Total income tax (benefit)/expense</b>                                | <b>-</b>                                   | <b>-</b>                                |

#### Unrecognised deferred tax assets

|   | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---|--|---|
| Unused tax losses for which no deferred tax asset has been recognised:          |  |   |
| Opening balance   | 35,072                                     | 11,135                                  |
| True-up of prior year unused tax losses   | 17,215                                     | -                                       |
| Temporary differences   | -  | -                                       |
| Current period tax losses for which no deferred tax asset was recognised        | 955  | 1,577                                   |
| Tax losses for which no deferred tax asset was recognised – eCobalt acquisition | -  | 22,360                                  |
| <b>Potential tax benefit</b>  | <b>53,242</b>                              | <b>35,072</b>                           |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. There was nil (30 June 2020: nil) franking credit at year end.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 11. Earnings / (loss) per share

|   | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---|--|---|
| Profit / (loss) for the period            | (24,139)                                   | (8,898)                                 |
| Basic profit / (loss) per share – cents   | (3.44)                                     | (1.43)                                  |
| Diluted profit / (loss) per share – cents | (3.44)                                     | (1.43)                                  |

#### Basic earnings & diluted / (loss) per share

The calculation of basic earnings per share and diluted earnings per share for the six-month period ended 31 December 2020 was based on the loss attributable to ordinary equity holders of the Company of A\$23.937 million (twelve-month period ended 30 June 2020: loss of A\$8.898 million) and a weighted average number of ordinary shares outstanding during the six-month period ended 31 December 2020 of 701,983,648 (twelve-month period ended 30 June 2020: 621,519,656).

Employee options and Other options granted as described in Note 24 – Share capital have been included in the determination of diluted earnings per share to the extent they are dilutive.

#### 12. Cash and cash equivalents

|  | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|--|-----------------------------|-------------------------|
| Bank balances                          | 42,331                      | 5,663                   |
| <b>Total cash and cash equivalents</b> | <b>42,331</b>               | <b>5,663</b>            |

#### 13. Reconciliation of cash flows from operating activities

|  | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|--|--|---|
| <b>Cash flows from operating activities</b>  |  |   |
| Profit / (loss) for the period   | (24,139)                                   | (8,898)                                 |
| Adjustments for non-cash items:  |  |   |
| Gain on sale of investments  | (191)                                      | -                                       |
| Depreciation and amortisation  | 160  | 322                                     |
| Share-based payments   | 1,373                                      | 3,484                                   |
| Acquisition related costs  | -  | 1,884                                   |
| Capitalised exploration expenditure written off during the period                      | 20,789                                     | 1,063                                   |
| Loss / (gain) on sale of fixed assets  | 8  | (49)                                    |
| Other  | (785)                                      | (174)                                   |
|  | (2,785)                                    | (2,368)                                 |
| <b>Changes in working capital</b>  |  |   |
| (Increase) / decrease in trade and other receivables                                   | (11)                                       | 72                                      |
| (Increase) / decrease in prepayments   | (185)                                      | (164)                                   |
| (Increase) / decrease in deposits  | 20   | -                                       |
| (Increase) / decrease in inventories   | -  | (88)                                    |
| (Decrease) / increase in trade and other payables that relates to operating activities | 301  | 259                                     |
| (Decrease) / increase in provisions  | 74   | 144                                     |
| <b>Net cash outflow from operating activities</b>                                      | <b>(2,586)</b>                             | <b>(2,145)</b>                          |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 14. Other receivables

|                                | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|--------------------------------|-----------------------------|-------------------------|
| Other receivables              | 44                          | 32                      |
| Insurance claim receivable     | -                           | 202                     |
| GST receivable                 | 6                           | 18                      |
| <b>Total other receivables</b> | <b>50</b>                   | <b>252</b>              |

#### 15. Term deposits

|                            | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|----------------------------|-----------------------------|-------------------------|
| Term deposits              | 116                         | 116                     |
| <b>Total term deposits</b> | <b>116</b>                  | <b>116</b>              |

#### 16. Non-current assets - other

|                                  | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|----------------------------------|-----------------------------|-------------------------|
| Security deposits                | 158                         | 178                     |
| <b>Total non-current - other</b> | <b>158</b>                  | <b>178</b>              |

#### 17. Exploration and evaluation

|  | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|--|-----------------------------|-------------------------|
| Opening balance                            | 53,590                      | 27,396                  |
| Expenditure incurred and capitalised       | 2,266                       | 13,186                  |
| Foreign currency translation               | (4,334)                     | -                       |
| Additions from acquisition of eCobalt      | -                           | 13,992                  |
| Impairment (i)                             | (20,789)                    | (1,063)                 |
| Transfer to assets under construction (ii) | (22,018)                    | -                       |
| R&D tax offset recognised                  | (1,544)                     | 79                      |
| <b>Total exploration and evaluation</b>    | <b>7,171</b>                | <b>53,590</b>           |

- i. Due to the suspension of all exploration activities in Uganda as a result of ongoing COVID-19 risks, political and regulatory developments in-country and the drilling results to date (which do not meet mineralisation model expectations for copper-cobalt ore deposits), the Ugandan exploration and evaluation assets of A\$20.6 million were impaired to A\$nil at 31 December 2020. In addition, other minor exploration and evaluation assets were impaired during the six-month period ended 31 December 2020.
- ii. As a result of the positive BFS completed in September 2020, the ICO exploration and evaluation asset was reclassified to assets under construction. See Note 18 – Property, plant and equipment.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 18. Property, plant and equipment

|  | Property,<br>plant &<br>equipment | Office<br>equipment,<br>furniture &<br>fittings | Motor vehicles | Assets under<br>construction | Total         |
|--|-----------------------------------|---|----------------|------------------------------|---------------|
|  | A\$'000                           | A\$'000   | A\$'000        | A\$'000                      | A\$'000       |
| <b>31 December 2020</b>                  |                                   |   |                |                              |               |
| <i>Cost</i>                              |                                   |   |                |                              |               |
| <b>As at 1 July 2020</b>                 | 1,986                             | 148   | 254            | 56,991                       | 59,379        |
| Additions through acquisition            | -                                 | -   | -              | -                            | -             |
| Additions for the period                 | -                                 | 5   | -              | 233                          | 238           |
| Transfer from exploration and evaluation | -                                 | -   | -              | 22,018                       | 22,018        |
| Disposals for the period                 | -                                 | -   | -              | -                            | -             |
| Asset write-down                         | -                                 | (7)   | -              | -                            | (7)           |
| Foreign currency translation differences | (106)                             | (8)   | (14)           | (7,156)                      | (7,284)       |
| <b>As at 31 December 2020</b>            | <b>1,880</b>                      | <b>138</b>                                      | <b>240</b>     | <b>72,086</b>                | <b>74,344</b> |
| <i>Depreciation and impairment</i>       |                                   |   |                |                              |               |
| <b>As at 1 July 2020</b>                 | (55)                              | (11)  | (100)          | -                            | (166)         |
| Depreciation charge for the period       | (30)                              | (17)  | (19)           | -                            | (66)          |
| Disposals for the period                 | -                                 | -   | -              | -                            | -             |
| Asset write-down                         | -                                 | 2   | -              | -                            | 2             |
| <b>As at 31 December 2020</b>            | <b>(85)</b>                       | <b>(26)</b>                                     | <b>(119)</b>   | <b>-</b>                     | <b>(230)</b>  |
| <b>Net book value:</b>                   |                                   |   |                |                              |               |
| <b>As at 31 December 2020</b>            | <b>1,795</b>                      | <b>112</b>                                      | <b>121</b>     | <b>72,086</b>                | <b>74,114</b> |
| <b>30 June 2020</b>                      |                                   |   |                |                              |               |
| <i>Cost</i>                              |                                   |   |                |                              |               |
| <b>As at 1 July 2019</b>                 | 952                               | 33  | 53             | -                            | 1,038         |
| Additions through acquisition (i)        | 1,663                             | 144   | 183            | 55,681                       | 57,671        |
| Additions for the period                 | -                                 | 14  | -              | 453                          | 467           |
| Disposals for the period                 | (616)                             | (25)  | -              | -                            | (641)         |
| Asset write-down                         | (39)                              | (25)  | -              | -                            | (64)          |
| Foreign currency translation differences | 26                                | 7   | 18             | 857                          | 908           |
| <b>As at 30 June 2020</b>                | <b>1,986</b>                      | <b>148</b>                                      | <b>254</b>     | <b>56,991</b>                | <b>59,379</b> |
| <i>Depreciation and impairment</i>       |                                   |   |                |                              |               |
| <b>As at 1 July 2019</b>                 | (25)                              | (25)  | (53)           | -                            | (103)         |
| Depreciation charge for the period       | (94)                              | (41)  | (47)           | -                            | (182)         |
| Disposals for the period                 | 64                                | 30  | -              | -                            | 94            |
| Asset write-down                         | -                                 | 25  | -              | -                            | 25            |
| <b>As at 30 June 2020</b>                | <b>(55)</b>                       | <b>(11)</b>                                     | <b>(100)</b>   | <b>-</b>                     | <b>(166)</b>  |
| <b>Net book value:</b>                   |                                   |   |                |                              |               |
| <b>As at 30 June 2020</b>                | <b>1,931</b>                      | <b>137</b>                                      | <b>154</b>     | <b>56,991</b>                | <b>59,213</b> |

- i. Items of property plant and equipment acquired through acquisition (eCobalt transaction) have been brought to account at the fair value assessed as at the closing date (24 July 2019).

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### 19. Reclamation deposits

|   | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|---|-----------------------------|-------------------------|
| Reclamation Performance Bond requirement                                | 9,346                       | 10,481                  |
| Insured   | 9,346                       | 10,481                  |
| In Trust:   |                             |                         |
| US Treasury Securities including impact of foreign currency translation | 2,813                       | 2,999                   |
| <b>Total reclamation deposits</b>                                       | <b>2,813</b>                | <b>2,999</b>            |

The USFS required eCobalt to place a reclamation performance bond, which functions as a financial guarantee, in the amount of US\$7.206 million in relation to surface disturbances from pre-construction activities. The underlying asset securing this bond is the A\$2.813 million reclamation deposit on the statement of financial position. The Reclamation Performance Bond will be released upon meeting the reclamation requirement of the USFS at the end of construction of the mine upon which a water treatment bond will be required for surety against reclamation and end of mine life.

##### 20. Trade and other payables

|                                       | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|---------------------------------------|-----------------------------|-------------------------|
| Trade payables                        | 150                         | 382                     |
| Other payables                        | 3                           | 6                       |
| Accruals                              | 662                         | 352                     |
| Deferred revenue                      | 3                           | 3                       |
| Tax payable (VAT/GST/Fuel Tax)        | (7)                         | (28)                    |
| <b>Total trade and other payables</b> | <b>811</b>                  | <b>715</b>              |

##### 21. Employee benefits

|                                | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|--------------------------------|-----------------------------|-------------------------|
| Annual leave provision         | 134                         | 146                     |
| Long service leave provision   | 19                          | 18                      |
| Other employee entitlements    | 121                         | 38                      |
| <b>Total employee benefits</b> | <b>274</b>                  | <b>202</b>              |
| Current                        | 255                         | 184                     |
| Non-current                    | 19                          | 18                      |
| <b>Total employee benefits</b> | <b>274</b>                  | <b>202</b>              |

##### 22. Asset retirement obligation

|  | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|--|-----------------------------|-------------------------|
| Opening reclamation and closure cost balance               | 10,861                      | -                       |
| Liability assumed through acquisition of eCobalt           | -                           | 10,317                  |
| Foreign currency translation                               | (1,179)                     | 159                     |
| Movements in economic assumptions and timing of cash flows | 126                         | 385                     |
| <b>Closing reclamation and closure cost balance</b>        | <b>9,808</b>                | <b>10,861</b>           |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

The Company's provision for site reclamation and closure relates to the ICO and is for disturbance due to construction activity to date. Upon initiation of mining activity, a provision for legal obligations for environmental remediation, reclamation, and decommissioning at the end of the mine life will be established. The undiscounted cash flows of the disturbance due to construction as at 31 December 2020 were US\$7.562 million or A\$9.808 million. The discount used to determine the present value of the obligation was nil, based on a US Treasury Bond rate of 0.88% and a prima facie inflation rate which exceeded the US Treasury Bond, and as such the inflation rate was adjusted to that which is inherently priced into the long-term government bond. Reclamation activities will primarily be initiated at cessation of construction activities, however, some reclamation will happen concurrently where possible on areas no longer required for the mining operation.

#### 23. Share capital

|                            | 31 December 2020 | 30 June 2020   |
|----------------------------|------------------|----------------|
|                            | A\$'000          | A\$'000        |
| Share capital              | 211,700          | 166,249        |
| Costs of raising equity    | (2,763)          | (1,773)        |
| <b>Total share capital</b> | <b>208,937</b>   | <b>164,476</b> |

#### (i) Movements in fully paid ordinary shares on issue:

|  | No of shares<br>'000 | A\$'000        |
|--|----------------------|----------------|
| <b>Opening balance at 1 July 2019</b>                      | <b>287,083</b>       | <b>85,932</b>  |
| <b>Movements in 2019/2020</b>                              |                      |                |
| Issue of ordinary shares - acquisition of eCobalt          | 262,630              | 60,406         |
| Issue of ordinary shares – placement                       | 82,500               | 16,500         |
| Issue of ordinary shares – to eCobalt transaction advisers | 9,420                | 1,885          |
| Issue of ordinary shares – to JRVAC                        | 619                  | 79             |
| Less costs of raising equity                               |                      | (326)          |
| <b>Closing share capital balance at 30 June 2020</b>       | <b>642,252</b>       | <b>164,476</b> |
| <b>Movements in 2020</b>                                   |                      |                |
| Issue of ordinary shares – exercise of options             | 1,510                | 451            |
| Issue of ordinary shares – placement                       | 147,541              | 45,000         |
| Less costs of raising equity                               |                      | (990)          |
| <b>Closing share capital balance at 31 December 2020</b>   | <b>791,303</b>       | <b>208,937</b> |

#### (ii) Movements in costs of raising equity:

|                        | 6 months to<br>31 December 2020 | 12 months to<br>30 June 2020 |
|------------------------|---------------------------------|------------------------------|
|                        | A\$'000                         | A\$'000                      |
| Opening balance        | (1,773)                         | (1,447)                      |
| Costs incurred         | (990)                           | (326)                        |
| <b>Closing balance</b> | <b>(2,763)</b>                  | <b>(1,773)</b>               |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

(iii) Movements in share-based payment options on issue:

|   | 6 months to<br>31 December 2020 | 12 months to<br>30 June 2020 |
|---|---------------------------------|------------------------------|
|   | Number of<br>options            | Number of<br>options         |
| Balance at the beginning of the period  | 69,973,200                      | 32,600,000                   |
| Granted                                 | 21,750,000                      | 37,373,200                   |
| Forfeited                               | (5,800,700)                     | -                            |
| Exercised                               | (800,000)                       | -                            |
| <b>Balance at the end of the period</b> | <b>85,122,500</b>               | <b>69,973,200</b>            |
| Vested and exercisable at period end    | 30,100,000                      | 17,600,000                   |

**Employee options granted**

During the period, an additional 5,000,000 options were issued to Directors and 16,750,000 options to employees as part of the Company option plan, with 5,800,700 options forfeited and 800,000 exercised, thus bringing the options issued over ordinary shares in the Company to 85,122,500 as at 31 December 2020. The principal focus of the Company option plan is to provide incentivised compensation aligned with creating shareholder value.

The Company option plan offers individuals the opportunity to acquire options over fully paid ordinary shares in the Company. Share options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject to satisfying vesting conditions and performance criteria. The shares when issued rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

During the period, 5,000,000 options at an exercise price of A\$0.290/share and 7,500,000 options at an exercise price of A\$0.295/share vested pursuant to the Company's option terms.

During the period, 800,000 options at an exercise price of A\$0.200/share were exercised.

**Unissued shares under options to Directors and employees**

As at 31 December 2020 unissued shares of the Company under option are:

| Expiry date  | Exercise price (A\$) | Number of shares  |
|--------------|----------------------|-------------------|
| 30-Nov-22    | \$0.150              | 15,000,000        |
| 30-May-24    | \$0.345              | 100,000           |
| 18-Jun-24    | \$0.305              | 2,500,000         |
| 30-Sep-23    | \$0.290              | 5,000,000         |
| 01-Jul-23    | \$0.295              | 7,500,000         |
| 01-Jun-24    | \$0.240              | 2,500,000         |
| 14-Aug-27    | \$0.200              | 750,000           |
| 15-Aug-27    | \$0.200              | 11,700,000        |
| 15-Aug-24    | \$0.240              | 2,500,000         |
| 30-Sep-24    | \$0.240              | 5,000,000         |
| 31-Mar-28    | \$0.150              | 8,387,500         |
| 31-Mar-28    | \$0.150              | 2,435,000         |
| 18-Oct-28    | \$0.325              | 7,500,000         |
| 28-Feb-29    | \$0.290              | 3,250,000         |
| 03-Jan-29    | \$0.290              | 6,000,000         |
| 30-Sep-25    | \$0.310              | 5,000,000         |
| <b>Total</b> |                      | <b>85,122,500</b> |



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

Once exercised, the option holder will be issued ordinary shares in the Company. The options do not entitle the holder to participate in any share issue of the Company.

**(iv) Movements in options for services:**

|   | 6 months to<br>31 December 2020<br>Number of options | 12 months to<br>30 June 2020<br>Number of options |
|---|--|---|
| Balance at the beginning of the period      | 550,000  | 300,000   |
| Granted                                     | -  | 250,000   |
| Forfeited                                   | -  | -   |
| Exercised                                   | -  | -   |
| <b>Balance at the end of the period</b>     | <b>550,000</b>                                       | <b>550,000</b>                                    |
| <b>Vested and exercisable at period end</b> | <b>550,000</b>                                       | <b>550,000</b>                                    |

***Options granted for services provided to the Company***

During the financial year, no additional options were issued to advisers to the Company in exchange for services rendered. Nil options forfeited and nil exercised, thus bringing the options issued to service providers over ordinary shares in the Company to 550,000 as at 31 December 2020.

The options issued to advisers provides the holder an opportunity to acquire fully paid ordinary shares in the Company. Share options granted under the arrangement have no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject to satisfying vesting conditions and performance criteria. The shares when issued rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

***Unissued shares under options granted for services***

As at 31 December 2020 unissued shares of the Company under option are:

| Expiry date  | Exercise price (A\$) | Number of shares |
|--------------|----------------------|------------------|
| 30-May-24    | \$0.345              | 300,000          |
| 31-Mar-25    | \$0.200              | 250,000          |
| <b>Total</b> |                      | <b>550,000</b>   |

Once exercised, the option holder will be issued ordinary shares in the Company. The options do not entitle the holder to participate in any share issue of the Company. No shares have been issued by the Company during the period as a result of the exercise of options.

**(v) Movements in options granted as part of acquisitions:**

|   | 6 months to<br>31 December 2020<br>Number of options | 12 months to<br>30 June 2020<br>Number of options |
|---|--|---|
| Balance at the beginning of the period      | 30,099,750   | 19,554,512  |
| Granted                                     | -  | 45,047,475  |
| Forfeited                                   | -  | -   |
| Exercised                                   | (710,000)  | (619,888)   |
| Expired                                     | (11,374,500)   | (33,882,349)                                      |
| <b>Balance at the end of the period</b>     | <b>18,015,250</b>                                    | <b>30,099,750</b>                                 |
| <b>Vested and exercisable at period end</b> | <b>18,015,250</b>                                    | <b>30,099,750</b>                                 |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### **Options granted as part of the acquisitions**

In the prior period, an additional 45,047,475 options were deemed as issued to eCobalt option and warrant holders as part of the 100% acquisition of eCobalt on 24 July 2019. In 2018, 19,554,512 options were deemed as issued to M2 Cobalt option and warrant holders as part of the 100% acquisition of M2 Cobalt on 19 June 2019.

Of these options, 8,052,000 related to eCobalt and 6,245,000 related to M2 Cobalt expired during the period. Nil options were forfeited and 710,000 were exercised at an exercise price of C\$0.200/share, thus bringing the options issued over ordinary shares in the Company in relation to acquisitions to 18,015,250 as at 31 December 2020. Subsequent to year end, 10,312,500 options related to eCobalt and 175,000 options related to M2 Cobalt have been exercised and 2,025,000 options related to M2 Cobalt have expired.

##### **Options outstanding as part of the acquisitions**

As at 31 December 2020 unissued shares of the Company under option are:

| <b>Expiry date</b> | <b>Exercise price (C\$)</b> | <b>Number of shares</b> |
|--------------------|-----------------------------|-------------------------|
| 23-Jan-2021        | \$0.50                      | 2,025,000               |
| 22-Mar-2021        | \$0.34                      | 175,000                 |
| 6-Sept-2021        | \$0.36                      | 998,250                 |
| 28-Jun-2022        | \$0.71                      | 1,344,750               |
| 28-Jun-2023        | \$0.61                      | 1,179,750               |
| 1-Oct-2023         | \$0.53                      | 1,980,000               |
| 14-Apr-2021        | \$0.24                      | 10,312,500              |
| <b>Total</b>       |                             | <b>18,015,250</b>       |

The share options granted under the acquisitions have no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject to satisfying vesting conditions and performance criteria. The shares when issued rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise. Once exercised, the option holder will be issued ordinary shares in the Company.

The options do not entitle the holder to participate in any share issue of the Company.

##### **(vi) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### **(vii) Capital risk management**

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

The capital risk management policy remains unchanged from the 30 June 2020 annual report.

#### 24. Reserves and accumulated losses

##### Reserves

|                                      | 31 December 2020 | 30 June 2020  |
|--------------------------------------|------------------|---------------|
|                                      | A\$'000          | A\$'000       |
| Share-based payments reserve         | 13,981           | 12,751        |
| Foreign currency translation reserve | (8,702)          | 2,081         |
| Share capital reserve                | 2,245            | 2,245         |
| <b>Total reserves</b>                | <b>7,524</b>     | <b>17,077</b> |

##### Share-based payments reserve

The share-based payments reserve is used to recognise the value of options issued but not exercised.

##### Foreign currency translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

##### Retained earnings / (accumulated losses)

|   | 6 months to<br>31 December 2020 | 12 months to<br>30 June 2020 |
|---|---------------------------------|------------------------------|
|   | A\$'000                         | A\$'000                      |
| Accumulated losses at the beginning of the year           | (70,805)                        | (54,439)                     |
| Loss attributable to members of the Company               | (24,139)                        | (8,898)                      |
| Transfer of financial assets reserve to retained earnings | -                               | (7,468)                      |
| <b>Accumulated losses at the end of the period</b>        | <b>(94,944)</b>                 | <b>(70,805)</b>              |

#### 25. Share-based payments

##### Recognised share-based payment expense

|  | 6 months to<br>31 December 2020 | 12 months to<br>30 June 2020 |
|--|---------------------------------|------------------------------|
|  | A\$'000                         | A\$'000                      |
| Expense arising from equity settled share-based payment transactions (i) | (1,373)                         | (3,484)                      |

- (i) The full movement in the share-based payment reserve is made up of A\$1.373 million (twelve-month period ended 30 June 2020: A\$3.441 million) in relation to options issued to Directors and employees and A\$nil (twelve-month period ended 30 June 2020: A\$0.042 million) in relation to options issued to service providers in professional fees.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

Unexpired options at 31 December 2020 are as follows:

| Grant date | Expiry date | Exercise price (A\$) | Balance at start of the year | Granted   | Exercised | Expired/ forfeited/ other | Balance at 31 December 2020 | Exercisable at 31 December 2020 |
|------------|-------------|----------------------|------------------------------|-----------|-----------|---------------------------|-----------------------------|---------------------------------|
| 13/12/2017 | 20/09/2022  | 0.15                 | 15,000,000                   | Nil       | Nil       | Nil                       | 15,000,000                  | 15,000,000                      |
| 31/05/2018 | 30/05/2024  | 0.35                 | 400,000                      | Nil       | Nil       | Nil                       | 400,000                     | 400,000                         |
| 19/06/2018 | 18/06/2024  | 0.31                 | 2,500,000                    | Nil       | Nil       | Nil                       | 2,500,000                   | 2,500,000                       |
| 01/10/2018 | 30/09/2023  | 0.29                 | 5,000,000                    | Nil       | Nil       | Nil                       | 5,000,000                   | Nil                             |
| 02/11/2018 | 01/07/2023  | 0.30                 | 7,500,000                    | Nil       | Nil       | Nil                       | 7,500,000                   | Nil                             |
| 01/06/2019 | 01/06/2024  | 0.24                 | 2,500,000                    | Nil       | Nil       | Nil                       | 2,500,000                   | Nil                             |
| 14/08/2019 | 14/08/2027  | 0.20                 | 750,000                      | Nil       | Nil       | Nil                       | 750,000                     | Nil                             |
| 14/08/2019 | 31/03/2025  | 0.20                 | 250,000                      | Nil       | Nil       | Nil                       | 250,000                     | Nil                             |
| 15/08/2019 | 15/08/2027  | 0.20                 | 12,500,000                   | Nil       | (800,000) | Nil                       | 11,700,000                  | Nil                             |
| 15/08/2019 | 15/08/2024  | 0.24                 | 2,500,000                    | Nil       | Nil       | Nil                       | 2,500,000                   | Nil                             |
| 09/09/2019 | 09/09/2027  | 0.23                 | 1,250,000                    | Nil       | Nil       | (1,250,000)               | Nil                         | Nil                             |
| 01/10/2019 | 30/09/2024  | 0.24                 | 5,000,000                    | Nil       | Nil       | Nil                       | 5,000,000                   | Nil                             |
| 14/10/2019 | 14/10/2027  | 0.22                 | 2,500,000                    | Nil       | Nil       | (2,500,000)               | Nil                         | Nil                             |
| 01/04/2020 | 31/03/2028  | 0.15                 | 12,873,200                   | Nil       | Nil       | (2,050,700)               | 10,822,500                  | Nil                             |
| 01/10/2020 | 30/09/2025  | 0.31                 | Nil                          | 5,000,000 | Nil       | Nil                       | 5,000,000                   | Nil                             |
| 19/10/2020 | 18/10/2028  | 0.33                 | Nil                          | 7,500,000 | Nil       | Nil                       | 7,500,000                   | Nil                             |
| 26/11/2020 | 28/02/2029  | 0.29                 | Nil                          | 3,250,000 | Nil       | Nil                       | 3,250,000                   | Nil                             |
| 26/11/2020 | 03/01/2029  | 0.29                 | Nil                          | 6,000,000 | Nil       | Nil                       | 6,000,000                   | Nil                             |

The fair value of the options is estimated at the date of grant using the Black-Scholes model, considering the terms and conditions upon which the options were granted.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date (A\$) | Exercise price (A\$) | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date A\$ (000's) |
|------------|-------------|---------------------------------|----------------------|---------------------|----------------|-------------------------|--------------------------------------|
| 01/10/2020 | 30/09/2025  | 0.30                            | 0.31                 | 89.9%               | Nil            | 0.20%                   | 1,022                                |
| 19/10/2020 | 18/10/2028  | 0.31                            | 0.33                 | 89.7%               | Nil            | 0.13%                   | 1,840                                |
| 26/11/2020 | 28/02/2029  | 0.31                            | 0.29                 | 89.2%               | Nil            | 0.11%                   | 799                                  |
| 26/11/2020 | 03/01/2029  | 0.31                            | 0.29                 | 89.2%               | Nil            | 0.11%                   | 1,467                                |

The expected volatility is based on historical data and reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 26. Financial instruments

Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

The Group holds the following financial instruments:

|                                    | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|------------------------------------|-----------------------------|-------------------------|
| <b>Financial assets</b>            |                             |                         |
| Cash and cash equivalents          | 42,331                      | 5,663                   |
| Term deposits                      | 116                         | 116                     |
| Other receivables                  | 50                          | 252                     |
| <b>Total financial assets</b>      | <b>42,497</b>               | <b>6,031</b>            |
| <b>Financial liabilities</b>       |                             |                         |
| Trade and other payables           | 811                         | 715                     |
| Lease liability                    | 26,915                      | -                       |
| <b>Total financial liabilities</b> | <b>27,726</b>               | <b>715</b>              |

#### Fair value hierarchy

The Group uses various methods in estimating the fair value of a financial instrument. The different levels are as follows:

|         |   |
|---------|---|
| Level 1 | quoted prices (unadjusted) in active markets for identical assets or liabilities  |
| Level 2 | inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices), or indirectly (i.e. derived from prices) |
| Level 3 | inputs for the assets or liability that are not based on observable market data (unobservable inputs).  |

No assets are held at fair value during 2020.

#### Market risk

##### Foreign currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The consolidated entity manages foreign currency risk by minimising the amounts of foreign currency required and buying foreign currency only at the time it is required.

Management monitors the exposure to currency risk on an ongoing basis. The Group operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the Australian Dollar ("AUD"), Brazilian Real ("BRL"), Canadian Dollar ("CAD") and the United States Dollar ("USD"). Exposure to the Ugandan Shilling is not material to the Group.

|                           | CAD<br>31 December 2020<br>\$'000 | USD<br>31 December 2020<br>\$'000 | CAD<br>30 June 2020<br>\$'000 | USD<br>30 June 2020<br>\$'000 |
|---------------------------|-----------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents | -                                 | 190                               | 32                            | 83                            |
| Other receivables         | -                                 | -                                 | -                             | 11                            |
| Trade and other payables  | -                                 | (152)                             | (10)                          | (196)                         |
| <b>Net exposure</b>       | <b>-</b>                          | <b>38</b>                         | <b>22</b>                     | <b>(102)</b>                  |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### Exchange rates used

The following significant exchange rates were applied during the year relative to 1AUD:

|     | Average rate                 |                           | Reporting date spot rate |              |
|-----|------------------------------|---------------------------|--------------------------|--------------|
|     | 6 months to 31 December 2020 | 12 months to 30 June 2020 | 31 December 2020         | 30 June 2020 |
| CAD | 0.95                         | 0.90                      | 0.98                     | 0.94         |
| USD | 0.72                         | 0.67                      | 0.77                     | 0.69         |
| BRL | 0.26                         | -                         | 0.25                     | -            |

##### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of the monetary assets and liabilities at the reporting date. The Group's exposure to foreign currency changes for all other currencies is not material.

|   | Effect on profit before tax  | Effect on profit before tax |
|---|------------------------------|-----------------------------|
|   | 6 months to 31 December 2020 | 12 months to 30 June 2020   |
|   | A\$'000                      | A\$'000                     |
| <b>Increase/(decrease) in foreign exchange rate - CAD</b> |                              |                             |
| +10%  | -                            | 2                           |
| - 10%   | -                            | (2)                         |
| <b>Increase/(decrease) in foreign exchange rate - USD</b> |                              |                             |
| +10%  | 4                            | 10                          |
| - 10%   | (4)                          | (10)                        |

##### Price risk

The Group has disposed of its investments in other listed entities.

##### Interest rate risk

The Group does not currently hold any long-term borrowings and is therefore not exposed to interest rate risk.

##### Credit risk

Credit risk arises if there is a risk of default on a counterparty to which the Group holds financial assets. Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk on financial assets which have been recognised on the balance sheet are generally the carrying amount, net of any provisions.

The Group has treasury policies in place for deposit transactions to be conducted with financial institutions with a minimum credit rating. At the reporting date:

- Cash is held with Tier 1 financial institutions which all meet the Group's minimum credit rating required by the approved treasury policy; and
- Other receivables are not overdue or in default.

The Group does not require collateral in respect of financial assets.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

##### **Geographical information**

The Group's maximum exposure to credit risk for other receivables at the reporting date by geographical region was:

|               | Carrying amount  |              |
|---------------|------------------|--------------|
|               | 31 December 2020 | 30 June 2020 |
|               | A\$'000          | A\$'000      |
| Australia     | 44               | 235          |
| Brazil        | -                | -            |
| Uganda        | -                | -            |
| United States | 6                | 6            |
| Other         | -                | 11           |
|               | 50               | 252          |

##### **Counterparty information**

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

|                   | Carrying amount  |              |
|-------------------|------------------|--------------|
|                   | 31 December 2020 | 30 June 2020 |
|                   | A\$'000          | A\$'000      |
| Other receivables | 44               | 234          |
| GST receivable    | 6                | 18           |
|                   | 50               | 252          |

##### **Liquidity risk**

The group manages liquidity risk by maintaining adequate reserves and banking facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's trade and other payables of A\$0.811 million are typically due on 30-45 days terms from the date of invoice.

The table below summarises the maturity profile of the Group's other financial liabilities based on contractual undiscounted payments:

|                            | 6 months to      | 12 months to |
|----------------------------|------------------|--------------|
|                            | 31 December 2020 | 30 June 2020 |
|                            | A\$'000          | A\$'000      |
| <b>Lease liability</b>     |                  |              |
| Less than one year         | 13,195           | -            |
| Between one and five years | 13,720           | -            |
| More than five years       | -                | -            |
|                            | 26,915           | -            |

##### **Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 27. Commitments

|  | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|--|--|---|
| <b>Exploration expenditure commitments</b> |  |   |
| Less than one year                         | 175  | 216                                     |
| Between one and five years                 | 81   | 90                                      |
| More than five years                       | -  | -                                       |
|  | 256  | 306                                     |

The Group leases office space in Australia. The office lease in Australia is month-to-month.

#### Exploration expenditure commitments

The above commitments represent the consolidated entity's annual licence expenditure requirements which will continue each year for the term of each licence. The annual commitments associated with any particular licence will continue until such time as the consolidated entity makes a decision to farm-out, relinquish or sell all or part of a licence. The above amounts do not take into account any expenditure by the consolidated entity on its tenements since the end of each reporting period.

If needed, the consolidated entity's exploration and evaluation expenditure may be subject to renegotiation with the respective jurisdiction mines departments, or with their approval may otherwise be avoided by either the sale, farm out or relinquishment of the consolidated entity's exploration tenements.

#### 28. Contingencies

These guarantees form part of the terms and conditions of certain of the consolidated entity's exploration tenements and leased office premises. Provided the consolidated entity continues to comply with the relevant terms and conditions of its respective licenses and agreements, it is not envisaged that any of the parties who have been granted bank guarantees will seek to redeem them. All the consolidated entity's bank guarantees are for indefinite terms, with no fixed expiry dates. No payable in relation to these bank guarantees has therefore been recognised in these financial statements due to the unlikely event of a claim.

|                 | 31 December 2020<br>A\$'000 | 30 June 2020<br>A\$'000 |
|-----------------|-----------------------------|-------------------------|
| Bank guarantees | 107                         | 107                     |



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 29. Related parties

##### Related party transactions

The Company acquired a related party relationship between prior M2 Cobalt management personnel Dr. Jennifer Hinton and Mr Tom Lamb and an external services company Great Rift Geosciences ("Great Rift") via the M2 Cobalt merger. Acquired in June 2019, Jervois uses Great Rift to provide Ugandan exploration management services including local administration and in-country management, accounting, payroll and treasury services, offices including a core shed and sample preparation area, employee accommodation, and exploration staffing. Dr. Jennifer Hinton and Mr Tom Lamb are also principals and co-owners of Great Rift. The commercial arrangements with Great Rift are conducted at arms-length terms.

Amounts below represent payments to Great Rift (Canada) and Great Rift (Uganda) at which Dr. Hinton and Mr Lamb are Directors. Payments made to Great Rift were solely for the in-country services outlined above. No loans have been made to key management personnel as of 31 December 2020.

Due to the previously mentioned pause in Jervois's exploration activity in Uganda, the Great Rift contract for in-country exploration management services was terminated with an effective date of 19 February 2021.

|                                  | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|----------------------------------|--|---|
| Management services – Great Rift | 169  | 312                                     |

##### Compensation of key management personnel of the Group

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

Non-Executive Director fees are paid within an aggregate limit which must not exceed A\$250,000 (excluding mandatory superannuation) per annum or such other maximum as determined by the Company in a general meeting.

Executive remuneration is determined by aiming to ensure that it is competitive and reasonable, aligned with the consolidated entity's business objectives and acceptable to shareholders. The executive remuneration and reward framework has three components, being base pay and benefits (including superannuation), short-term incentives (which are entirely discretionary) and long-term incentives (which are entirely discretionary).

None of the remuneration paid by the consolidated entity to its key management personnel during the reporting period was dependent on the satisfaction of a performance condition.

|  | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|--|--|---|
| Short-term employee benefits                       | 632  | 1,370                                   |
| Post-employment benefits – superannuation          | 26   | 58                                      |
| Share-based payments                               | 861  | 2,373                                   |
| <b>Total key management personnel compensation</b> | <b>1,519</b>                               | <b>3,801</b>                            |

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 30. Parent entity information

As at, and throughout the financial year ended 31 December 2020, the parent entity of the Group was Jervois Mining Limited. Information relating to the parent entity follows:

|   | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|---|--|---|
| <b>Results of parent entity</b>                     |  |   |
| (Loss) for the period                               | (1,859)                                    | (5,084)                                 |
| Total comprehensive income                          | (1,859)                                    | (5,084)                                 |
| <b>Financial position of parent entity</b>          |  |   |
| Current assets                                      | 42,268                                     | 5,976                                   |
| Total assets  | 118,143                                    | 48,776                                  |
| Current liabilities                                 | 14,042                                     | 499                                     |
| Total liabilities                                   | 27,780                                     | 515                                     |
| <b>Net assets</b>                                   | <b>90,363</b>                              | <b>48,261</b>                           |
| <b>Total equity of the parent entity comprising</b> |  |   |
| Share capital                                       | 146,714                                    | 102,251                                 |
| Reserves  | 3,774                                      | 4,276                                   |
| Accumulated losses                                  | (60,125)                                   | (58,266)                                |
| <b>Total equity</b>                                 | <b>90,363</b>                              | <b>48,261</b>                           |

#### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2020 and 30 June 2020.

#### Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2020 and 30 June 2020.

|  | 6 months to<br>31 December 2020<br>A\$'000 | 12 months to<br>30 June 2020<br>A\$'000 |
|--|--|---|
| <b>Exploration expenditure commitments</b>       |  |   |
| Less than one year                               | 175  | 216                                     |
| Between one and five years                       | 81   | 90                                      |
| More than five years                             | -  | -                                       |
| <b>Total exploration expenditure commitments</b> | <b>256</b>                                 | <b>306</b>                              |

#### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Notes to the financial statements

#### For the six months ended 31 December 2020

#### 31. Interest in subsidiaries

|  | Country of<br>incorporation | 31 December 2020 | 30 June 2020 |
|--|-----------------------------|------------------|--------------|
| <b>Parent entity</b>   |                             |                  |              |
| Jervois Mining Limited   | Australia                   |                  |              |
| <b>Subsidiaries</b>  |                             |                  |              |
| Hardrock Exploration Pty Ltd   | Australia                   | 100%             | 100%         |
| Goldpride Pty Ltd  | Australia                   | 100%             | 100%         |
| Nico Young Pty Ltd   | Australia                   | 100%             | 100%         |
| TZ Nico (1) Pty Ltd  | Australia                   | 100%             | 100%         |
| TZ Nico (2) Pty Ltd  | Australia                   | 100%             | 100%         |
| <i>And the wholly owned subsidiary of TZ Nico (1) Pty Ltd and TZ Nico (2) Pty Ltd being:</i> |                             |                  |              |
| Tanzania Nickel Cobalt Ltd   | Tanzania                    | 100%             | 100%         |
| M2 Cobalt Corp   | Canada                      | 100%             | 100%         |
| <i>And the wholly owned subsidiaries of M2 Cobalt Corp being:</i>                            |                             |                  |              |
| Millennial Holding Corp  | Canada                      | 100%             | 100%         |
| 1126302 B.C. Limited   | Canada                      | 100%             | 100%         |
| <i>And the wholly owned subsidiary of 1126302 B.C. Limited being:</i>                        |                             |                  |              |
| Eurasian Capital Limited   | Uganda                      | 100%             | 100%         |
| eCobalt Solutions Inc  | Canada                      | 100%             | 100%         |
| <i>And the wholly owned subsidiaries of eCobalt Solutions Inc being:</i>                     |                             |                  |              |
| Minera Terranova S.A. de C.V   | Mexico                      | 100%             | 100%         |
| Coronation Mines Ltd   | Canada                      | 100%             | 100%         |
| Formation Holdings Corp  | Canada                      | 100%             | 100%         |
| <i>And the wholly owned subsidiaries of Formation Holdings Corp being:</i>                   |                             |                  |              |
| Formation Holdings US, Inc.  | USA                         | 100%             | 100%         |
| <i>And the wholly owned subsidiaries of Formation Holdings US Inc being:</i>                 |                             |                  |              |
| US Cobalt Inc  | USA                         | 100%             | 100%         |
| Jervois Mining USA Limited   | USA                         | 100%             | 100%         |
| <i>And the wholly owned subsidiaries of Jervois Mining USA Limited being:</i>                |                             |                  |              |
| Essential Metals Corporation   | USA                         | 100%             | 100%         |

#### 32. Events after reporting period

The Directors of the Company have not identified any subsequent events in the interval between the end of the financial period and the date of this report, which would be material or unusual in nature, and likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Directors' declaration

For the six months ended 31 December 2020

### Directors' Declaration

1. In the opinion of the Directors of Jervois Limited ("the Company"):
  - a) the consolidated financial statements and notes that are set out on pages 46 to 85 and the remuneration report, identified within the Directors' Report, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial period ended 31 December 2020.
3. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 23rd day of March 2021.



Peter Johnston  
Chairman



**Building a better  
working world**

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## **Independent auditor's report to the members of Jervois Mining Limited**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Jervois Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the period ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Exploration and evaluation assets

| Why significant  | How our audit addressed the key audit matter   |
|--|--|
| <p>As disclosed in Note 17 of the financial report, as at 31 December 2020, the Group held exploration and evaluation assets of \$7.1 million (30 June 2020: \$53.5 million).</p> <p>The carrying value of exploration and evaluation assets are assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount. During the period, the Group has recognised an impairment expense of \$20.7 million primarily from the suspension of exploration activities in Uganda.</p> <p>Exploration and evaluation assets are transferred to assets under construction (within property, plant and equipment), once the work completed to date supports future development of the property and appropriate approvals for development are received. Following the completion of the Bankable Feasibility Study for Idaho Cobalt Operations (ICO) in September 2020, the Group transferred capitalised exploration and evaluation balances amounting to \$22.0 million for ICO to assets under construction.</p> | <p>In performing our procedures, we:</p> <ul style="list-style-type: none"> <li>▶ Considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as licence agreements and the status of licence and permit tenure from relevant government agencies.</li> <li>▶ Assessed recent exploration and evaluation activity in the relevant licence areas and considered the Group's strategy and intention to carry out further exploration activity, through discussions with senior management and the Directors, to identify indicators of impairment of the asset.</li> <li>▶ Tested, on a sample basis, the exploration and evaluation costs capitalised during the period ended 31 December 2020 by vouching to invoices and other supporting documents.</li> <li>▶ Considered whether the exploration activities within the area of interest have reached a stage where commercially viable resource estimates can be made.</li> <li>▶ Considered the appropriateness of the transfer of exploration and evaluation assets to assets under construction.</li> <li>▶ Assessed the adequacy of the disclosures included in the financial report.</li> </ul> |

## 2. Accounting for the SMP transaction

| Why significant  | How our audit addressed the key audit matter  |
|--|---|
| <p>As disclosed in Note 4, during the period, Jervois entered into a contractual agreement with Campanhia Brasileira de Alumínio (CBA) to acquire the Sao Miguel Paulista (SMP) nickel and cobalt refinery in Sao Paulo, Brazil (Purchase Agreement). Subject to Jervois' early termination right up to September 2021, the agreement includes a lease arrangement, which shall continue until the closing of the acquisition (subject to usual condition precedents) and will occur by December 2021. The contract sets out certain payments in relation to the lease and closing of the transaction, some of which are tied to performance or time-based hurdles.</p> <p>Accounting for this arrangement requires judgement in assessing Jervois' right-of-use of the refinery during the initial year of the agreement and the likelihood that Jervois will not exercise their termination rights to the arrangement. An assessment of lease accounting considerations has been performed in accordance with the AASB 16 Leases.</p> <p>At 31 December 2020, the Group has recognised a right-of-use asset of \$31.8 million and a corresponding lease liability of \$26.9 million. Disclosures in relation to this transaction, including management's judgements regarding the likelihood of not exercising the termination rights, can be found in Note 4 of the financial report.</p> | <p>In performing our procedures, we:</p> <ul style="list-style-type: none"> <li>▶ Read the Purchase Agreement to gain an understanding of the key terms and conditions of the arrangement.</li> <li>▶ Assessed the basis for the determination that the transaction was a lease under AASB 16 Leases.</li> <li>▶ Assessed managements evaluation of the lease accounting considerations and the reasonableness of assumptions used in determining the value of the right-of-use asset and the corresponding lease liability recognised, including the likelihood that the company will not exercise their termination rights to the arrangement and the interest rate.</li> <li>▶ Assessed the adequacy of the disclosures included in the financial report.</li> </ul> |

### 3. Going concern basis of preparation

#### Why significant

As disclosed in Note 2(d), the financial statements have been prepared on a going concern basis. In determining that there is a reasonable basis to conclude that the Group can pay its debts as and when they fall due, the directors have noted that the Group's consolidated cashflow requirements for the twelve month period from the date of signing the 31 December 2020 annual financial statements and the forecast shows that the current cash on hand will be sufficient to meet the planned activities approved by the Board up to the date of signing the 31 December 2020 annual financial statements, and the Group's corporate and working capital requirements during this period. This includes but is not limited to, the minimum Exploration and Mining Licence compliance obligations over the 12 months following the date of signing the 31 December 2020 annual financial statements.

The going concern assumption is fundamental to the basis of preparation of the financial report. This is considered a key audit matter due to the judgement involved in preparing cash flow forecasts and determining whether there is a reasonable basis to conclude that the Group can pay its debts as and when they fall due for a period of at least twelve months from the date of the financial report.

#### How our audit addressed the key audit matter

We identified and evaluated the judgements and assumptions within the cash flow forecasts that form the basis of the Directors' assessment, including:

- ▶ the key assumptions in the cash flow forecasts with reference to the Group's planned activities approved by the Board up to the date of signing the 31 December 2020 annual financial statements, including the Group's contractual obligations and the forecast corporate and overhead costs.
- ▶ the adequacy of the disclosure included in the financial report relating to going concern.

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period ended 31 December 2020.

In our opinion, the Remuneration Report of Jervois Mining Limited for the period ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Ernst & Young*

Ernst & Young



Matthew A. Honey  
Partner  
Melbourne  
23 March 2021

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Shareholder Information

For the six month period ended 31 December 2020

### Shareholder Information

As at 8 March 2021.

The names of the twenty largest security holders of quoted equity securities are listed below:

|    |   | Number of Shares   | % of Total   |
|----|---|--------------------|--------------|
| 1  | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                             | 131,441,509        | 16.38        |
| 2  | BNP PARIBAS NOMS PTY LTD <DRP>  | 47,042,867         | 5.86         |
| 3  | CITICORP NOMINEES PTY LIMITED   | 34,804,429         | 4.34         |
| 4  | MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED                        | 28,135,736         | 3.51         |
| 5  | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                             | 21,161,222         | 2.64         |
| 6  | MR JOHN ALLAN NEWTON + MRS WANDA GAYE NEWTON <DRAWONE SUPER FUND A/C> | 14,101,900         | 1.76         |
| 7  | MCCUSKER HOLDINGS PTY LTD   | 13,400,000         | 1.67         |
| 8  | TR NOMINEES PTY LTD   | 10,295,082         | 1.28         |
| 9  | BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>                     | 9,352,237          | 1.17         |
| 10 | BRIKEN NOMINEES PTY LTD <BRIKEN A/C>                                  | 8,885,344          | 1.11         |
| 11 | CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>          | 8,410,875          | 1.05         |
| 12 | NATIONAL NOMINEES LIMITED   | 8,006,416          | 1.00         |
| 13 | 327TH P & C NOMINEES PTY LTD <MASTERMAN SUPER FUND A/C>               | 8,000,000          | 1.00         |
| 14 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>            | 7,860,070          | 0.98         |
| 15 | UBS NOMINEES PTY LTD  | 5,523,681          | 0.69         |
| 16 | MS LIAN HUA KOH   | 5,328,166          | 0.66         |
| 17 | MRS PAMELA JULIAN SARGOOD   | 5,300,000          | 0.66         |
| 18 | DRAWONE PTY LTD <THE NEWTON INVESTMENT A/C>                           | 5,231,990          | 0.65         |
| 19 | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>                     | 5,186,004          | 0.65         |
| 20 | CRANLEY NOMINEES PTY LTD <FITZROY FAMILY A/C>                         | 5,050,000          | 0.63         |
|    | <b>Total</b>  | <b>382,517,528</b> | <b>47.68</b> |

#### Voting rights of ordinary shares

On a show of hands one vote for each shareholder, and

On a poll, one vote for each fully paid ordinary share

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Shareholder Information

For the six month period ended 31 December 2020

Analysis of number of equitable security holders by size of holding:

| Holding & Distribution | No. of Holders | Securities         | %             |
|------------------------|----------------|--------------------|---------------|
| 1 to 1000              | 271            | 124,268            | 0.02          |
| 1001 to 5000           | 874            | 2,481,436          | 0.31          |
| 5001 to 10000          | 467            | 3,777,093          | 0.47          |
| 10001 to 1000000       | 1,404          | 49,428,417         | 6.16          |
| 1000001 and Over*      | 393            | 746,479,816        | 93.04         |
| Total                  | <b>3,409</b>   | <b>802,291,030</b> | <b>100.00</b> |

\*Includes the Canadian sub register.

#### Shareholdings of less than a marketable parcel

294 holders holding a total of 148,052 shares.

#### Unquoted Securities

91,675,250 Unlisted options on issue.

Substantial holders in the Company are set out below:

|                             | Ordinary shares |                          |
|-----------------------------|-----------------|--------------------------|
|                             | Number held     | % of total shares issued |
| AustralianSuper Pty Limited | 108,450,700*    | 13.52                    |

\*as disclosed on 8 December 2020

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Tenement Information

For the six month period ended 31 December 2020

#### Tenements as at the date of this Report

##### Australian Tenements

| Description              | Tenement number | Interest owned % |
|--------------------------|-----------------|------------------|
| Ardnaree (NSW)           | EL 5527         | 100.0            |
| Thuddungra (NSW)         | EL 5571         | 100.0            |
| Nico Young (NSW)         | EL 8698         | 100.0            |
| Ardnaree Magnesite (NSW) | EL 8763         | 100.0            |
| Area 1 (NSW)             | EL 8474         | 100.0            |
| West Arunta (WA)         | E80 4820        | 20.0             |
| West Arunta (WA)         | E80 4986        | 20.0             |
| West Arunta (WA)         | E80 4987        | 20.0             |
| Old Khartoum (QLD)       | EPM 14797       | 100.0            |
| Khartoum (QLD)           | EPM 19112       | 100.0            |
| Three Mile Creek (QLD)   | EPM 19113       | 100.0            |
| Carbonate Creek (QLD)    | EPM 19114       | 100.0            |
| Mt Fairyland (QLD)       | EPM 19203       | 100.0            |

##### Uganda Exploration Licences

| Description  | Exploration Licence number | Interest owned % |
|--------------|----------------------------|------------------|
| Bujagali     | EL1666                     | 100.0            |
| Bujagali     | EL1682                     | 100.0            |
| Bujagali     | EL1683                     | 100.0            |
| Bujagali     | EL1665                     | 100.0            |
| Bujagali     | EL1827                     | 100.0            |
| Kilembe Area | EL1674                     | 100.0            |
| Kilembe Area | EL1735                     | 100.0            |
| Kilembe Area | EL1736                     | 100.0            |
| Kilembe Area | EL1737                     | 100.0            |
| Kilembe Area | EL0012                     | 100.0            |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Tenement Information

For the six month period ended 31 December 2020

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| SUN 1   | 222991   | 174156 |
| SUN 2   | 222992   | 174157 |
| SUN 3 Amended                                 | 245690   | 174158 |
| SUN 4   | 222994   | 174159 |
| SUN 5   | 222995   | 174160 |
| SUN 6   | 222996   | 174161 |
| SUN 7   | 224162   | 174628 |
| SUN 8   | 224163   | 174629 |
| SUN 9   | 224164   | 174630 |
| SUN 16 Amended                                | 245691   | 177247 |
| SUN 18 Amended                                | 245692   | 177249 |
| Sun 19  | 277457   | 196394 |
| SUN FRAC 1                                    | 228059   | 176755 |
| SUN FRAC 2                                    | 228060   | 176756 |
| TOGO 1  | 228049   | 176769 |
| TOGO 2  | 228050   | 176770 |
| TOGO 3  | 228051   | 176771 |
| DEWEY FRAC Amended                            | 248739   | 177253 |
| Powder 1                                      | 269506   | 190491 |
| Powder 2                                      | 269505   | 190492 |
| LDC-1   | 224140   | 174579 |
| LDC-2   | 224141   | 174580 |
| LDC-3   | 224142   | 174581 |
| LDC-5   | 224144   | 174583 |
| LDC-6   | 224145   | 174584 |
| LDC-7   | 224146   | 174585 |
| LDC-8   | 224147   | 174586 |
| LDC-9   | 224148   | 174587 |
| LDC-10  | 224149   | 174588 |
| LDC-11  | 224150   | 174589 |
| LDC-12  | 224151   | 174590 |
| LDC-13 Amended                                | 248718   | 174591 |
| LDC-14 Amended                                | 248719   | 174592 |
| LDC-16  | 224155   | 174594 |
| LDC-18  | 224157   | 174596 |
| LDC-20  | 224159   | 174598 |
| LDC-22  | 224161   | 174600 |
| LDC FRAC 1 Amended                            | 248720   | 175880 |
| LDC FRAC 2 Amended                            | 248721   | 175881 |
| LDC FRAC 3 Amended                            | 248722   | 175882 |
| LDC FRAC 4 Amended                            | 248723   | 175883 |
| LDC FRAC 5 Amended                            | 248724   | 175884 |
| RAM 1   | 228501   | 176757 |

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| RAM 2   | 228502   | 176758 |
| RAM 3   | 228503   | 176759 |
| RAM 4   | 228504   | 176760 |
| RAM 5   | 228505   | 176761 |
| RAM 6   | 228506   | 176762 |
| RAM 7   | 228507   | 176763 |
| RAM 8   | 228508   | 176764 |
| RAM 9   | 228509   | 176765 |
| RAM 10  | 228510   | 176766 |
| RAM 11  | 228511   | 176767 |
| RAM 12  | 228512   | 176768 |
| RAM 13 Amended                                | 245700   | 181276 |
| RAM 14 Amended                                | 245699   | 181277 |
| RAM 15 Amended                                | 245698   | 181278 |
| RAM 16 Amended                                | 245697   | 181279 |
| Ram Frac 1 Amended                            | 245696   | 178081 |
| Ram Frac 2 Amended                            | 245695   | 178082 |
| Ram Frac 3 Amended                            | 245694   | 178083 |
| Ram Frac 4 Amended                            | 245693   | 178084 |
| HZ 1  | 224173   | 174639 |
| HZ 2  | 224174   | 174640 |
| HZ 3  | 224175   | 174641 |
| HZ 4  | 224176   | 174642 |
| HZ 5  | 224413   | 174643 |
| HZ 6  | 224414   | 174644 |
| HZ 7  | 224415   | 174645 |
| HZ 8  | 224416   | 174646 |
| HZ 9  | 224417   | 174647 |
| HZ 10   | 224418   | 174648 |
| HZ 11   | 224419   | 174649 |
| HZ 12   | 224420   | 174650 |
| HZ 13   | 224421   | 174651 |
| HZ 14   | 224422   | 174652 |
| HZ 15   | 231338   | 178085 |
| HZ 16   | 231339   | 178086 |
| HZ 18   | 231340   | 178087 |
| HZ 19   | 224427   | 174657 |
| Z 20  | 224428   | 174658 |
| HZ 21   | 224193   | 174659 |
| HZ 22   | 224194   | 174660 |
| HZ 23   | 224195   | 174661 |
| HZ 24   | 224196   | 174662 |
| HZ 25   | 224197   | 174663 |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Tenement Information

For the six month period ended 31 December 2020

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| HZ 26   | 224198   | 174664 |
| HZ 27   | 224199   | 174665 |
| HZ 28   | 224200   | 174666 |
| HZ 29   | 224201   | 174667 |
| HZ 30   | 224202   | 174668 |
| HZ 31   | 224203   | 174669 |
| HZ 32   | 224204   | 174670 |
| HZ FRAC                                       | 228967   | 177254 |
| JC 1  | 224165   | 174631 |
| JC 2  | 224166   | 174632 |
| JC 3  | 224167   | 174633 |
| JC 4  | 224168   | 174634 |
| JC 5 Amended                                  | 245689   | 174635 |
| JC 6  | 224170   | 174636 |
| JC FR 7                                       | 224171   | 174637 |
| JC FR 8                                       | 224172   | 174638 |
| JC 9  | 228054   | 176750 |
| JC 10   | 228055   | 176751 |
| JC 11   | 228056   | 176752 |
| JC-12   | 228057   | 176753 |
| JC-13   | 228058   | 176754 |
| JC 14   | 228971   | 177250 |
| JC 15   | 228970   | 177251 |
| JC 16   | 228969   | 177252 |
| JC 17   | 259006   | 187091 |
| JC 18   | 259007   | 187092 |
| JC 19   | 259008   | 187093 |
| JC 20   | 259009   | 187094 |
| JC 21   | 259010   | 187095 |
| JC 22   | 259011   | 187096 |
| CHELAN NO. 1 Amended                          | 248345   | 175861 |
| GOOSE 2 Amended                               | 259554   | 175863 |
| GOOSE 3                                       | 227285   | 175864 |
| GOOSE 4 Amended                               | 259553   | 175865 |
| GOOSE 6                                       | 227282   | 175867 |
| GOOSE 7 Amended                               | 259552   | 175868 |
| GOOSE 8 Amended                               | 259551   | 175869 |
| GOOSE 10 Amended                              | 259550   | 175871 |
| GOOSE 11 Amended                              | 259549   | 175872 |
| GOOSE 12 Amended                              | 259548   | 175873 |
| GOOSE 13                                      | 228028   | 176729 |
| GOOSE 14 Amended                              | 259547   | 176730 |
| GOOSE 15                                      | 228030   | 176731 |

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| GOOSE 16                                      | 228031   | 176732 |
| GOOSE 17                                      | 228032   | 176733 |
| GOOSE 18 Amended                              | 259546   | 176734 |
| GOOSE 19 Amended                              | 259545   | 176735 |
| GOOSE 20                                      | 228035   | 176736 |
| GOOSE 21                                      | 228036   | 176737 |
| GOOSE 22                                      | 228037   | 176738 |
| GOOSE 23                                      | 228038   | 176739 |
| GOOSE 24                                      | 228039   | 176740 |
| GOOSE 25                                      | 228040   | 176741 |
| SOUTH ID 1 Amended                            | 248725   | 175874 |
| SOUTH ID 2 Amended                            | 248726   | 175875 |
| SOUTH ID 3 Amended                            | 248727   | 175876 |
| SOUTH ID 4 Amended                            | 248717   | 175877 |
| SOUTH ID 5 Amended                            | 248715   | 176743 |
| SOUTH ID 6 Amended                            | 248716   | 176744 |
| South ID 7                                    | 306433   | 218216 |
| South ID 8                                    | 306434   | 218217 |
| South ID 9                                    | 306435   | 218218 |
| South ID 10                                   | 306436   | 218219 |
| South ID 11                                   | 306437   | 218220 |
| South ID 12                                   | 306438   | 218221 |
| South ID 13                                   | 306439   | 218222 |
| South ID 14                                   | 306440   | 218223 |
| OMS-1   | 307477   | 218904 |
| Chip 1  | 248956   | 184883 |
| Chip 2  | 248957   | 184884 |
| Chip 3 Amended                                | 277465   | 196402 |
| Chip 4 Amended                                | 277466   | 196403 |
| Chip 5 Amended                                | 277467   | 196404 |
| Chip 6 Amended                                | 277468   | 196405 |
| Chip 7 Amended                                | 277469   | 196406 |
| Chip 8 Amended                                | 277470   | 196407 |
| Chip 9 Amended                                | 277471   | 196408 |
| Chip 10 Amended                               | 277472   | 196409 |
| Chip 11 Amended                               | 277473   | 196410 |
| Chip 12 Amended                               | 277474   | 196411 |
| Chip 13 Amended                               | 277475   | 196412 |
| Chip 14 Amended                               | 277476   | 196413 |
| Chip 15 Amended                               | 277477   | 196414 |
| Chip 16 Amended                               | 277478   | 196415 |
| Chip 17 Amended                               | 277479   | 196416 |
| Chip 18 Amended                               | 277480   | 196417 |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Tenement Information

For the six month period ended 31 December 2020

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| Sun 20  | 306042   | 218133 |
| Sun 21  | 306043   | 218134 |
| Sun 22  | 306044   | 218135 |
| Sun 23  | 306045   | 218136 |
| Sun 24  | 306046   | 218137 |
| Sun 25  | 306047   | 218138 |
| Sun 26  | 306048   | 218139 |
| Sun 27  | 306049   | 218140 |
| Sun 28  | 306050   | 218141 |
| Sun 29  | 306051   | 218142 |
| Sun 30  | 306052   | 218143 |
| Sun 31  | 306053   | 218144 |
| Sun 32  | 306054   | 218145 |
| Sun 33  | 306055   | 218146 |
| Sun 34  | 306056   | 218147 |
| Sun 35  | 306057   | 218148 |
| Sun 36  | 306058   | 218149 |
| Chip 21 Fraction                              | 306059   | 218113 |
| Chip 22 Fraction                              | 306060   | 218114 |
| Chip 23                                       | 306025   | 218115 |
| Chip 24                                       | 306026   | 218116 |
| Chip 25                                       | 306027   | 218117 |
| Chip 26                                       | 306028   | 218118 |
| Chip 27                                       | 306029   | 218119 |
| Chip 28                                       | 306030   | 218120 |
| Chip 29                                       | 306031   | 218121 |
| Chip 30                                       | 306032   | 218122 |
| Chip 31                                       | 306033   | 218123 |
| Chip 32                                       | 306034   | 218124 |
| Chip 33                                       | 306035   | 218125 |
| Chip 34                                       | 306036   | 218126 |
| Chip 35                                       | 306037   | 218127 |
| Chip 36                                       | 306038   | 218128 |
| Chip 37                                       | 306039   | 218129 |
| Chip 38                                       | 306040   | 218130 |
| Chip 39                                       | 306041   | 218131 |
| Chip 40                                       | 307491   | 218895 |
| DRC NW 1                                      | 307492   | 218847 |
| DRC NW 2                                      | 307493   | 218848 |
| DRC NW 3                                      | 307494   | 218849 |
| DRC NW 4                                      | 307495   | 218850 |
| DRC NW 5                                      | 307496   | 218851 |
| DRC NW 6                                      | 307497   | 218852 |

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| DRC NW 7                                      | 307498   | 218853 |
| DRC NW 8                                      | 307499   | 218854 |
| DRC NW 9                                      | 307500   | 218855 |
| DRC NW 10                                     | 307501   | 218856 |
| DRC NW 11                                     | 307502   | 218857 |
| DRC NW 12                                     | 307503   | 218858 |
| DRC NW 13                                     | 307504   | 218859 |
| DRC NW 14                                     | 307505   | 218860 |
| DRC NW 15                                     | 307506   | 218861 |
| DRC NW 16                                     | 307507   | 218862 |
| DRC NW 17                                     | 307508   | 218863 |
| DRC NW 18                                     | 307509   | 218864 |
| DRC NW 19                                     | 307510   | 218865 |
| DRC NW 20                                     | 307511   | 218866 |
| DRC NW 21                                     | 307512   | 218867 |
| DRC NW 22                                     | 307513   | 218868 |
| DRC NW 23                                     | 307514   | 218869 |
| DRC NW 24                                     | 307515   | 218870 |
| DRC NW 25                                     | 307516   | 218871 |
| DRC NW 26                                     | 307517   | 218872 |
| DRC NW 27                                     | 307518   | 218873 |
| DRC NW 28                                     | 307519   | 218874 |
| DRC NW 29                                     | 307520   | 218875 |
| DRC NW 30                                     | 307521   | 218876 |
| DRC NW 31                                     | 307522   | 218877 |
| DRC NW 32                                     | 307523   | 218878 |
| DRC NW 33                                     | 307524   | 218879 |
| DRC NW 34                                     | 307525   | 218880 |
| DRC NW 35                                     | 307526   | 218881 |
| DRC NW 36                                     | 307527   | 218882 |
| DRC NW 37                                     | 307528   | 218883 |
| DRC NW 38                                     | 307529   | 218884 |
| DRC NW 39                                     | 307530   | 218885 |
| DRC NW 40                                     | 307531   | 218886 |
| DRC NW 41                                     | 307532   | 218887 |
| DRC NW 42                                     | 307533   | 218888 |
| DRC NW 43                                     | 307534   | 218889 |
| DRC NW 44                                     | 307535   | 218890 |
| DRC NW 45                                     | 307536   | 218891 |
| DRC NW 46                                     | 307537   | 218892 |
| DRC NW 47                                     | 307538   | 218893 |
| DRC NW 48                                     | 307539   | 218894 |
| EBatt 1                                       | 307483   | 218896 |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Tenement Information

For the six month period ended 31 December 2020

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| EBatt 2                                       | 307484   | 218897 |
| EBatt 3                                       | 307485   | 218898 |
| EBatt 4                                       | 307486   | 218899 |
| EBatt 5                                       | 307487   | 218900 |
| EBatt 6                                       | 307488   | 218901 |
| EBatt 7                                       | 307489   | 218902 |
| EBatt 8                                       | 307490   | 218903 |
| OMM-1   | 307478   | 218905 |
| OMM-2   | 307479   | 218906 |
| OMN-2   | 307481   | 218908 |
| OMN-3   | 307482   | 218909 |
| BTG-1   | 307471   | 218910 |
| BTG-2   | 307472   | 218911 |
| BTG-3   | 307473   | 218912 |
| BTG-4   | 307474   | 218913 |
| BTG-5   | 307475   | 218914 |
| BTG-6   | 307476   | 218915 |
| NFX 17  | 307230   | 218685 |
| NFX 18  | 307231   | 218686 |
| NFX 19  | 307232   | 218687 |
| NFX 20  | 307233   | 218688 |
| NFX 21  | 307234   | 218689 |
| NFX 22  | 307235   | 218690 |
| NFX 23  | 307236   | 218691 |
| NFX 24  | 307237   | 218692 |
| NFX 25  | 307238   | 218693 |
| NFX 30  | 307243   | 218698 |
| NFX 31  | 307244   | 218699 |
| NFX 32  | 307245   | 218700 |
| NFX 33  | 307246   | 218701 |
| NFX 34  | 307247   | 218702 |
| NFX 35  | 307248   | 218703 |
| NFX 36  | 307249   | 218704 |
| NFX 37  | 307250   | 218705 |
| NFX 38  | 307251   | 218706 |
| NFX 42  | 307255   | 218710 |
| NFX 43  | 307256   | 218711 |
| NFX 44  | 307257   | 218712 |
| NFX 45  | 307258   | 218713 |
| NFX 46  | 307259   | 218714 |
| NFX 47  | 307260   | 218715 |
| NFX 48  | 307261   | 218716 |
| NFX 49  | 307262   | 218717 |

| Idaho Cobalt Operations – 100% Interest owned |          |        |
|---|----------|--------|
| Claim Name                                    | County # | IMC #  |
| NFX 50  | 307263   | 218718 |
| NFX 56  | 307269   | 218724 |
| NFX 57  | 307270   | 218725 |
| NFX 58  | 307271   | 218726 |
| NFX 59  | 307272   | 218727 |
| NFX 60 Amended                                | 307558   | 218728 |
| NFX 61  | 307274   | 218729 |
| NFX 62  | 307275   | 218730 |
| NFX 63  | 307276   | 218731 |
| NFX 64  | 307277   | 218732 |
| OMN-1 revised                                 | 315879   | 228322 |

| Black Pine – 100% Interest Owned |                         |        |
|----------------------------------|-------------------------|--------|
| Claim Name                       | Book & Page<br>County # | IMC #  |
| NOAH #1                          | 304761                  | 217757 |
| NOAH #2                          | 304762                  | 217758 |
| NOAH #3                          | 304763                  | 217759 |
| NOAH #4                          | 304764                  | 217760 |
| NOAH #5                          | 304765                  | 217761 |
| NOAH #6                          | 304766                  | 217762 |
| NOAH #7                          | 304767                  | 217763 |
| NOAH #8                          | 304768                  | 217764 |
| NOAH #9                          | 304769                  | 217765 |
| NOAH #10                         | 304770                  | 217766 |
| NOAH #11 Amended                 | 305804                  | 218081 |
| NOAH #12                         | 305803                  | 218082 |
| NOAH #13 FRAC                    | 305802                  | 218083 |
| NOAH #14                         | 305805                  | 218084 |
| NOAH #15                         | 305806                  | 218085 |
| NOAH #16                         | 305807                  | 218086 |
| NOAH #17                         | 305808                  | 218087 |
| NOAH #18                         | 305809                  | 218088 |
| NOAH #19                         | 305810                  | 218089 |
| NOAH #20                         | 305811                  | 218090 |
| NOAH #21                         | 305812                  | 218091 |
| NOAH #22                         | 305813                  | 218092 |
| NOAH #23                         | 305814                  | 218093 |



## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Annex 1 - Sustainability Performance Data

For the six month period ended 31 December 2020

#### Annex 1: Sustainability Performance Data

As outlined in the following tables, Jervois has taken steps towards transparently reporting our sustainability performance with an emphasis on issues that matter most to our business and stakeholders. Importantly, we have begun to reference key aspects of the Global Reporting Initiative (GRI) standards and Task Force on Climate-related Financial Disclosures (TCFD) and are aligning our approach to sustainability with the principles of the Sustainable Development Goals (SDGs), the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the Paris Agreement, among others. Financial and ESG disclosures within the 2020 Annual Report represent an important step in ensuring transparency as we move towards comprehensive sustainability reporting in 2021.

The following provides general disclosures and presents Jervois performance data on material ESG topics. With the exception of corporate level information, due to the current phases of development of Jervois' projects, the boundaries for the data are limited to Jervois' Idaho Cobalt project (ICO).

This material references Disclosures from *GRI 102* and *GRI 103, 2016*; Disclosures 303-1 (a-c) and 303-2 from *GRI-303, 2016*; Disclosures 304-1 (a(i-v), 304-2, 304-3(c) from *GRI-304, 2016*; Disclosure 305-1(a) from *GRI-305, 2016*; Disclosures 306-2 (c) from *GRI 306, 2016*; Disclosures 403-5, 403-9 (ai, aiii, bi, biii) from *GRI-403, 2018*; Disclosures 405-1 (ai, bi) from *GRI 405, 2016*; and Disclosures 413-1 (a, i-iv, v-vii) from *GRI-413, 2016*. The material additionally draws from the TCFD for related climate change disclosures.

| GENERAL DISCLOSURES |  |      |   |
|---------------------|--|------|---|
| Standard            | Referenced and Disclosure                                | Year | Response, Page Numbers and/or URL   |
| GRI: 102-1          | Name of the organisation                                 | 2020 | See page 1.   |
| GRI: 102-2          | Activities, brands, products, and services               | 2020 | See page 4.   |
| GRI: 102-3          | Location of headquarters                                 | 2020 | See page 1.   |
| GRI: 102-4          | Location of operations                                   | 2020 | See page 4.   |
| GRI: 102-5          | Ownership and legal form                                 | 2020 | See page 91.  |
| GRI: 102-6          | Markets served   | 2020 | Jervois projects are under development and is not yet in production, refining or sales of related products.   |
| GRI: 102-7          | Scale of the organisation                                | 2020 | See page 4.   |
| GRI: 102-8          | Information on employees and other workers               | 2020 | See pages 18 and 23 and GRI 405:1 below.  |
| GRI: 102-9          | Supply chain   | 2020 | Jervois is not yet in production. Current supply chain providers are mainly engaged for consulting and construction purposes. Information on major procurement, contract awards or significant organisational changes can be found at <a href="https://jervoismining.com.au/investors/announcements/">https://jervoismining.com.au/investors/announcements/</a> |
| GRI: 102-10         | Significant changes to the organisation and supply chain | 2020 |   |
| GRI: 102-11         | Precautionary Principle or approach                      | 2020 | See page 22.  |
| GRI: 102-12         | External Initiatives                                     | 2020 | Progressive alignment per page 98.  |
| GRI: 102-13         | Membership of associations                               | 2020 | Cobalt Institute, Zero Emissions Transportation Association (ZETA), American Chamber of Commerce (Australia, Uganda), Idaho Mining Association, Uganda Chamber of Mines and Petroleum   |
| GRI: 102-14         | Statement from senior decision-maker                     | 2020 | See page 3.   |
| GRI: 102-15         | Key risks, impacts and opportunities                     | 2020 | See pages 6 and 25 to 32  |
| GRI: 102-16         | Values, principles and norms of behaviour                | 2020 | See page 2.   |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Annex 1 - Sustainability Performance Data

#### For the six month period ended 31 December 2020

|             |  |      |  |
|-------------|--|------|--|
| GRI: 102-17 | Mechanisms for advice and concern for ethics                                 | 2020 | See Code of Ethics and Business Conduct and Whistleblower Mechanism Policy at <a href="https://jervoismining.com.au/company-info/corporate-governance/">https://jervoismining.com.au/company-info/corporate-governance/</a> .  |
| GRI: 102-18 | Governance structure   | 2020 | Pages 18 to 23 detail the Board, its respective committees, and overall structure for ESG governance. See related Charters at <a href="https://jervoismining.com.au/company-info/corporate-governance/">https://jervoismining.com.au/company-info/corporate-governance/</a> .    |
| GRI: 102-19 | Delegating Authority   | 2020 |  |
| GRI: 102-20 | Executive level responsibility for economic, environmental and social topics | 2020 |  |
| GRI: 102-21 | Consulting stakeholders on economic, environmental and social topics         | 2020 | Executive-level Health and Sustainability Committee established, co-chaired by CEO and Head, ESG, and have executive level responsibility.   |
| GRI: 102-22 | Composition of highest governing body and its committees:                    | 2020 |  |
| GRI: 102-23 | Chair of the highest governance body   | 2020 |  |
| GRI: 102-24 | Nominating and selecting the highest governance body                         | 2020 | See Board Charter at <a href="https://jervoismining.com.au/company-info/corporate-governance/">https://jervoismining.com.au/company-info/corporate-governance/</a> .   |
| GRI: 102-25 | Conflicts of interest  | 2020 | See page 29.   |
| GRI: 102-26 | Role of the highest governance body in setting purpose, values and strategy  | 2020 | See pages 18 to 23.  |
| GRI: 102-27 | Collective knowledge of the highest governance bodies                        | 2020 |  |
| GRI: 102-28 | Evaluating the highest governance body's performance                         | 2020 |  |
| GRI: 102-29 | Identifying and managing economic, environmental and social impacts          | 2020 | See pages 5 to 6.  |
| GRI: 102-30 | Effectiveness of risk management processes                                   | 2020 | See page 22, Jervois is currently defining its comprehensive ESG framework on which performance shall be gauged.   |
| GRI: 102-31 | Review of economic, environmental and social topics                          | 2020 | Topics reviewed on an ongoing basis at project level. In 2021, the ESG committee will meet prior to each bi-monthly Board meeting (where these topics are also reviewed).  |
| GRI: 102-32 | Highest governance body's role in sustainability reporting                   | 2020 | Report review, guidance and approval   |
| GRI: 102-33 | Communicating critical concerns  | 2020 | Critical concerns routed to Board via the CEO through project and senior management  |
| GRI: 102-34 | Nature and total number of critical concerns                                 | 2020 | One (1) near miss occupational incident reported to Board. Corrective and preventative actions reviewed.   |
| GRI: 102-35 | Remuneration policies  | 2020 | See pages 35 to 37 and Remuneration and Nomination Committee Charter at <a href="https://jervoismining.com.au/company-info/corporate-governance/">https://jervoismining.com.au/company-info/corporate-governance/</a> .  |
| GRI: 102-36 | Process for determining remuneration   | 2020 |  |
| GRI: 102-37 | Stakeholders involvement in remuneration                                     | 2020 |  |
| GRI: 102-38 | Annual total compensation ratio  | 2020 | Omission. Has not been calculated.   |
| GRI: 102-39 | Percentage increase in annual total compensation ratio                       | 2020 |  |
| GRI: 102-40 | Stakeholder groups   | 2020 | Main stakeholder groups include the workforce, local communities, indigenous groups and community-based organisations, civil society and non-government organisations, local government, central government, contractors and suppliers, industry associations and our investors. |

## JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

### Annex 1 - Sustainability Performance Data

#### For the six month period ended 31 December 2020

|             |  |      |  |
|-------------|--|------|--|
| GRI: 102-41 | Collective bargaining agreements                           | 2020 | Jervois respects the right of employees to collective bargaining. Employees have thus far chosen not to do so.   |
| GRI: 102-42 | Identifying and selecting stakeholders                     |      | See pages 5 to 6.  |
| GRI: 102-43 | Approach to stakeholder engagement                         | 2020 |  |
| GRI: 102-44 | Key topics and concerns raised                             | 2020 |  |
| GRI: 102-45 | Entities included in the consolidated financial statements | 2020 | See pages 85.  |
| GRI: 102-46 | Defining report content and topic boundaries               | 2020 | See page 98.   |
| GRI: 102-47 | List of material topics                                    | 2020 | See page 5.  |
| GRI: 102-48 | Restatements of information                                | 2020 | No restatements.   |
| GRI: 102-49 | Changes in reporting                                       | 2020 | First report in reference to GRI standards   |
| GRI: 102-50 | Reporting period   | 2020 | Annex 1 data/information concerns Jan 1-Dec 31, 2020 unless otherwise indicated  |
| GRI: 102-51 | Date of most recent report                                 | 2020 | This is the first ESG material reported in reference to the GRI standards.   |
| GRI: 102-52 | Reporting cycle  | 2020 | Annual.  |
| GRI: 102-53 | Contact person for questions concerning the report         | 2020 | Bryce Crocker, CEO, Annual Report in its entirety. Jennifer Hinton, Head, ESG re: ESG specific topics  |
| GRI: 102-54 | Claims of reporting in accordance with the GRI standards   | 2020 | No claims have been asserted. The material presented references selected GRI standards.  |
| GRI: 102-55 | GRI content index  | 2020 | See pages 98 to 103.   |
| GRI: 102-56 | External assurance   | 2020 | This report in its entirety has not been assured with the exception of matters related to the Financial Audit of the consolidated financial statement in this report |

| MATERIAL TOPICS                        |   |      |  |
|--|---|------|--|
| Standard Referenced and Disclosure     |   | Year | Response, Page Numbers and/or URL  |
| MANAGEMENT APPROACH TO MATERIAL TOPICS |   |      |  |
| GRI: 103-1                             | Material topic and boundary                   | 2020 | See page 5 and page 25 to 32.  |
| GRI: 103-2                             | Management approach and its components        | 2020 | In accordance with legal compliance requirements and ICO FEIS, systems for environmental, occupational, labour and human resource management are in place and will be expanded as ICO moves towards construction. Where applicable to specific material topics, additional detail is provided below. Related policies, commitments, goals and targets, responsibilities, resources and associated mechanisms are outlined on pages 5 to 6 and page 22. |
| GRI: 103-3                             | Evaluation of the management approach         | 2020 |  |
| GOVERNANCE                             |   |      |  |
| Transparency                           |   |      |  |
|  | Transparency and disclosures                  |      | See this Annual Report.  |
| Ethical Conduct                        |   |      |  |
| GRI: 102-17                            | Mechanism for advice and concern about ethics | 2020 | See 102-17 above.  |
| GRI: 103                               | Management Approach                           | 2020 | Related risks assessed primarily under the Audit and Risk Committee and, where applicable, the Health, Safety and Sustainability Committee. In the financial period, Jervois launched its new Code of Ethics and Business Conduct, Whistleblower Mechanism and   |

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|  |  |      | revised Vision, Mission, Values and Principles. (see <a href="https://jervoismining.com.au/company-info/corporate-governance/">https://jervoismining.com.au/company-info/corporate-governance/</a> ). Upcoming Sustainability Standard will address this further.   |
| <b>Responsible Supply Chains</b>           |  |      |   |
| GRI: 102-9                                 | Supply chain   | 2020 | See 102-9 and 102-10 above.   |
| GRI: 102-10                                | Significant changes to supply chain  | 2020 |   |
| GRI: 103                                   | Management Approach  |      | As a pre-production, pre-refining cobalt-focused company, Jervois is currently evaluating requirements and putting measures in place to support conformance with OECD Due Diligence Guidance on Responsible Minerals Supply Chains. Commitments to responsible supply chains are included in our Sustainability Policy.   |
| <b>HEALTH &amp; SAFETY</b>                 |  |      |   |
| <b>General</b>                             |  |      |   |
| GRI: 403-9                                 | Lost Time Injury Frequency Rate (LTIFR)  | 2020 | Jervois and Contractors: Total = 0.00   |
|  | Total Reportable Injury Frequency Rate (TRIFR)   | 2020 | Jervois and Contractors: Total = 0.00   |
|  | LTIFR and TRIFR vs. MSHA   | 2020 | Mine Safety and Health Administration (MSHA) average vs. Jervois total: LTIFR 1.03: 0.00; TRIFR 1.64:0.00   |
|  | Fatality rate  | 2020 | Jervois and Contractors: 0.00   |
| <b>Emergency Preparedness and Response</b> |  |      |   |
| n/a  | Emergency preparedness and response  | 2020 | ICO has put in place an Emergency Preparedness system that spans multiple risks and hazards identified.   |
| <b>Training and Education</b>              |  |      |   |
| GRI: 403-5                                 | Description of any occupational health and safety training provided to workers.          | 2020 | <i>Full time employees:</i> Every site-based Jervois employee is required to complete a comprehensive safety training as part of their new hire onboarding and then must also complete a refresher course every year. All training, at a minimum, meets the requirements of the local jurisdiction (in the US, the Mining Safety and Health Administration (MSHA)).<br><i>Contractors:</i> All visitors, vendors and contractors must complete a site-specific safety training that applies to the job they are doing and the area they are visiting prior to entering the operation. |
| <b>ENVIRONMENT</b>                         |  |      |   |
| <b>Tailings Management</b>                 |  |      |   |
| GRI: 306-2                                 | Waste by type and disposal method: Tailings  | 2020 | ICO is pre-construction. As assessed in the FEIS and included in the mine development plan, a portion of tailings is to be used underground as paste backfill. (see <a href="http://www.fs.usda.gov/detail/scnf/landmanagement/resource/management/?cid=stelprdb5366465">www.fs.usda.gov/detail/scnf/landmanagement/resource/management/?cid=stelprdb5366465</a> ).   |
| <b>Water Management</b>                    |  |      |   |
| GRI: 303-1                                 | Interactions with water as a shared resource: How the organisation interacts with water. | 2020 | FEIS identified water use and water related impacts (see <a href="http://www.fs.usda.gov/detail/scnf/landmanagement/resource/management/?cid=stelprdb5366465">www.fs.usda.gov/detail/scnf/landmanagement/resource/management/?cid=stelprdb5366465</a> ). Water withdrawals and discharges of treated water and stormwater are permitted under Federal and State regulatory bodies. Comprehensive monitoring and mitigation plans are in effect.   |
|  | Approach used to identify water-related impacts  | 2020 | NEPA assessments were completed prior to approval of the ICO Plan of Operations and the NPDES Discharge Permit.   |

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|                                     | Approach to addressing water related impacts.   | 2020 | Stakeholder engagement is ongoing via the Inter-Agency Task Force for the ICO, which includes Federal, State, and Tribal organisations.  |
| GRI: 303-2                          | Management of water discharge-related impacts   | 2020 | Water withdrawals and discharges are permitted under Federal and State regulatory bodies. Comprehensive monitoring and mitigation plans are in effect.   |
| Fisheries Management & Biodiversity |   |      |  |
| GRI: 304-1                          | Operations in or adjacent to high biodiversity value or protected areas                       | 2020 | Details concerning the site, operation, impacts on wilderness and roadless areas potentially impacted by the ICO assessed in the FEIS (see <a href="http://www.fs.usda.gov/detail/scnf/landmanagement/resourcemanagement/?cid=stelprdb5366465">www.fs.usda.gov/detail/scnf/landmanagement/resourcemanagement/?cid=stelprdb5366465</a> ). No significant long-term effects were identified. |
| GRI: 304-2                          | Significant impacts on biodiversity   | 2020 | Impacts on special-status plant and wildlife species potentially impacted by the ICO were assessed in the FEIS. No significant long-term effects were identified.  |
| GRI: 304-3                          | Habitats protected or restored  | 2020 | Potential impacts from ICO on wetlands and designated critical habitat for fish species assessed in the FEIS. Wetland mitigation cells were constructed to replace non-jurisdictional wetlands covered by ICO facilities. No significant long-term effects were identified on designated critical habitats.  |
| Reclamation Planning                |   |      |  |
| GRI: 304-2                          | Significant impacts on biodiversity   | 2020 | ICO in pre-construction. FEIS assessed reclamation approach, including mitigation, management, monitoring, financial assurance. No significant long-term effects were identified. (see <a href="http://www.fs.usda.gov/detail/scnf/landmanagement/resourcemanagement/?cid=stelprdb5366465">www.fs.usda.gov/detail/scnf/landmanagement/resourcemanagement/?cid=stelprdb5366465</a> ).       |
| Climate Change                      |   |      |  |
| GRI: 103<br>TCFD                    | Board oversight of climate risks and opportunities  | 2020 | See page 22. Oversight, guidance and direction of risks and opportunities are integrated within board functions  |
|                                     | Management's role in assessing and managing climate-related risks and opportunities           | 2020 | See page 22. Approach to risk and opportunity management including via the ESG Committee   |
|                                     | Describe climate related risks and opportunities  | 2020 | Increased demand for minerals associated with growth in EV batteries (Co, Ni) and wind and solar (Cu)<br>Changing regulatory environments.<br>Energy efficient and low carbon technologies.<br>Operational risks associated with extreme or progressively changing weather patterns.   |
|                                     | Impact of climate related risks and opportunities on business strategy and financial planning | 2020 | Increased Co-demand due to EV batteries underpins business strategy (p. 4). Low carbon technology options considered at ICO. Recent changes in governance structure (p. 22) aim to support further integration in strategy and decision-making.  |
|                                     | Resilience of business strategy to different climate scenarios                                | 2020 | Future scenarios analysis not carried out.   |
|                                     | Processes for identifying, assessing and managing climate-related risks                       | 2020 | See page 22. Approach to risk and opportunity management   |
| GRI: 103<br>TCFD                    | Processes for managing climate-related risks  | 2020 | Comprehensive environmental monitoring and mitigation plans in effect at ICO.  |
| TCFD                                | Metrics used  | 2020 | Not yet developed.   |

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|  |  |      |   |
|--|--|------|---|
| GRI: 305-1<br>GRI: 305-2<br>TCFD                             | Scope 1 and 2 emissions  | 2020 | ICO (pre-construction): Scope 2: 108.7 tons CO <sub>2</sub> e<br>Preliminary GHGP-compliant ICO Carbon Footprint Assessment completed.<br>Operating estimates: Scope 1: 17,882 tons CO <sub>2</sub> e/a<br>Scope 2: 18,546 tons CO <sub>2</sub> e/a   |
| <b>SOCIAL</b>  |  |      |   |
| GRI: 103   | Process to manage risks and opportunities associated with community rights and interests   | 2020 | Jervois actively and positively engages with community stakeholders and has committed to supporting local priorities aligned with the scale and phase of its projects. Processes have been developed to address social priorities (including to meet commitments under the Sustainability Policy).  |
| <b>Local Employment and Contracting (Goods and Services)</b> |  |      |   |
| n/a  | Local procurement of goods and services  | 2020 | In principle and practice, Jervois procures locally whenever possible and practicable and, under the new Sustainability Policy, Jervois has firmly committed to increase local opportunities. Procurement practices are being standardised within the internal Sustainability Standard.   |
| n/a  | Workforce from local community   | 2020 | 83%   |
| <b>Non-discrimination and Equal Opportunity</b>              |  |      |   |
| GRI: 405:1   | Diversity of governance bodies and employees   | 2020 | Board (M:F): 4:0<br>Key Management: (M:F): 9:1<br>ICO Team/Unit Management (M:F): 2:2<br>ICO Workforce (M:F): 3:4   |
| <b>Local Economy and Community Services</b>                  |  |      |   |
| GRI: 413-1   | Operations with local community engagement, impact assessments, and development programs   | 2020 | FEIS covers environmental and socio-economic impacts. ( <a href="http://www.fs.usda.gov/detail/scnf/landmanagement/resourcemanagement/?cid=stelprdb5366465">www.fs.usda.gov/detail/scnf/landmanagement/resourcemanagement/?cid=stelprdb5366465</a> )<br><i>Contributions to education, sports and culture</i><br>Jervois is a sponsor of selected local events in response to local priorities.<br><i>Contributions to health and wellbeing:</i> Jervois is providing meals to the food insecure members of the community around ICO. |
| <b>Stakeholder Engagement and Grievance Mechanism</b>        |  |      |   |
| GRI: 103   | Engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict | 2020 | Human rights figure prominently in Jervois new Sustainability Policy and related processes are being formalised, including vis-à-vis engagement processes, employment and procurement opportunities.  |
| GRI: 413:1   | Broad-based local community consultation committees and processes that include vulnerable groups.                                    | 2020 | ICO engagement process ongoing but yet to be formalised. As the Company moves towards construction, efforts are underway.   |
|  | Workers councils, occupational health and safety committees and other worker representation bodies to deal with impacts.             | 2020 | At ICO, internal (employees, contractors) and external stakeholder grievances are typically handled via the appropriate Manager. As a pre-production company, and as per the new Sustainability Policy, such issues are planned to be addressed at operational level as Jervois moves towards construction.   |
|  | Formal local community grievance process   | 2020 |   |