



Jervois Global Limited

(ABN 52 007 626 575)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Expressed in Australian Dollars)

For the three and nine months ended 30 September 2021

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

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JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
As at 30 September 2021 (Unaudited)

	Note	30 September 2021 A\$'000	31 December 2020 A\$'000
Current assets			
Cash and cash equivalents	6	43,249	42,331
Funds held in escrow	15	157,343	-
Trade and other receivables	7	42,491	50
Prepayments		2,233	369
Term deposits		116	116
Inventories		133,457	78
Total current assets		378,889	42,944
Non-current assets			
Security deposits		158	158
Exploration and evaluation	8	7,234	7,171
Property, plant, and equipment	9	144,471	74,114
Intangible assets and goodwill	10	139,270	418
Reclamation deposits	11	3,014	2,813
Right-of-use asset		30,142	31,847
Deferred tax assets		226	-
Other non-current assets		688	-
Total non-current assets		325,203	116,521
Total assets		704,092	159,465
Current liabilities			
Trade and other payables	12	53,064	811
Employee benefits	13	5,644	255
Borrowings	15	131,905	104
Lease liability		11,840	13,195
Current tax liabilities		1,609	-
Total current liabilities		204,062	14,365
Non-current liabilities			
Deferred tax liabilities		4,774	36
Employee benefits	13	343	19
Asset retirement obligation	14	10,739	9,808
Lease liability		15,825	13,720
Other non-current liabilities		51,578	-
Total non-current liabilities		83,259	23,583
Total liabilities		287,321	37,948
Net assets		416,771	121,517
Equity			
Share capital	17	512,816	208,937
Reserves		21,057	7,524
Accumulated losses		(117,102)	(94,944)
Total equity attributable to equity holders of the Company		416,771	121,517

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

Approved on behalf of the Board on 15 November 2021:

(signed) "Peter Johnston"

Peter Johnston, Director

(signed) "Bryce Crocker"

Bryce Crocker, Director

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three and nine months ended 30 September 2021 and 30 September 2020

(Unaudited)

		Three months ended 30 September 2021 A\$'000	Three months ended 30 September 2020 A\$'000	Nine months ended 30 September 2021 A\$'000	Nine months ended 30 September 2020 A\$'000
Revenue	4	33,396	-	33,396	-
Cost of goods sold		(30,681)	-	(30,681)	-
Gross profit		2,715	-	2,715	-
Other income		187	223	334	334
Administrative expenses		(52)	(34)	(197)	(35)
Communication expenses		(34)	(3)	(80)	(20)
Employee benefits expenses		(1,437)	(260)	(3,747)	(949)
Share-based payments	18	(931)	(583)	(2,814)	(2,027)
Insurance premiums		(348)	(95)	(363)	(95)
Professional fees		(344)	(388)	(1,073)	(1,224)
Business development costs		(2,868)	(63)	(6,015)	(297)
Other acquisition costs		(3,655)	-	(3,655)	-
Sales and marketing costs		(504)	-	(504)	-
Securities quotation fees		(277)	(62)	(480)	(148)
Tenancy and property costs		(6)	(5)	(14)	(14)
Other expenses		(1,136)	(135)	(2,902)	(387)
Depreciation and amortisation		(655)	(57)	(1,323)	(197)
Impairment of exploration assets		-	-	(6)	(1,063)
Fair value adjustment		-	-	-	93
Gain on sale of fixed assets		25	-	9	97
Net foreign exchange (loss)/gain		(182)	(198)	123	-
Interest income		1	-	1	12
Interest expense		(586)	-	(1,858)	(38)
Loss before income tax expense		(10,087)	(1,660)	(21,849)	(5,958)
Income tax expense		(309)	-	(309)	-
Loss for the period		(10,396)	(1,660)	(22,158)	(5,958)
Loss after income tax expense for the period attributable to the owners of Jervois Global Limited		(10,396)	(1,660)	(22,158)	(5,958)
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange reserve arising on translation of foreign operations		9,638	(3,631)	10,890	(896)
Total other comprehensive income		9,638	(3,631)	10,890	(896)
Total comprehensive loss for the period attributable to the owners of Jervois Global Limited		(758)	(5,291)	(11,268)	(6,854)
Loss per share for the year attributable to the owners of Jervois Global Limited					
Basic loss per share (A\$ cents)	5	(0.921)	(0.258)	(2.433)	(0.928)
Diluted loss per share (A\$ cents)	5	(0.921)	(0.258)	(2.433)	(0.928)
<i>Weighted average ordinary shares outstanding:</i>					
Basic and diluted (number of shares)		1,128,720	642,776	910,798	642,161

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2021 and 30 September 2020 (Unaudited)

	Issued capital A\$'000	Share capital reserve A\$'000	Share-based payment reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Total A\$'000
Balance as at 1 January 2021	208,937	2,245	13,981	(8,702)	(94,944)	121,517
Total comprehensive income						
Loss for the period	-	-	-	-	(22,158)	(22,158)
<i>Other comprehensive income</i>						
Foreign currency translation differences for foreign operations	-	-	-	10,890	-	10,890
Total comprehensive income for the period	-	-	-	10,890	(22,158)	(11,268)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	315,578	-	-	-	-	315,578
Costs of raising equity	(12,478)	-	-	-	-	(12,478)
Value of options issued	-	-	2,814	-	-	2,814
Share-based payment transactions exercised	779	-	(171)	-	-	608
Balance as at 30 September 2021	512,816	2,245	16,624	2,188	(117,102)	416,771

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2021 and 30 September 2020 (Unaudited)

	Issued capital A\$'000	Share capital reserve A\$'000	Share-based payment reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Total A\$'000
Balance as at 1 January 2020	164,397	2,245	11,307	(654)	(66,507)	110,788
Total comprehensive income						
Loss for the period	-	-	-	-	(5,958)	(4,421)
<i>Other comprehensive income</i>						
Foreign currency translation differences for foreign operations	-	-	-	(896)	-	(896)
Total comprehensive income for the period	-	-	-	(896)	(5,958)	(5,317)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	80	-	-	-	-	80
Costs of raising equity	(1)	-	-	-	-	(1)
Value of options issued	-	-	2,027	-	-	2,027
Share-based payment transactions exercised	239	-	-	-	-	239
Balance as at 30 September 2020	164,715	2,245	13,334	(1,550)	(72,465)	107,816

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows

For the three and nine months ended 30 September 2021 and 30 September 2020

(Unaudited)

		Three months ended 30 September 2021 A\$'000	Three months ended 30 September 2020 A\$'000	Nine months ended 30 September 2021 A\$'000	Nine months ended 30 September 2020 A\$'000
Cash flows from operating activities					
Receipts from customers		31,042	-	31,042	-
Proceeds from R&D refund		-	1,537	-	1,537
Sundry income		167	50	171	161
Payments to suppliers and employees		(28,299)	(770)	(31,794)	(2,641)
Business development costs		(3,563)	-	(5,671)	1,770
Interest paid		(586)	-	(1,858)	(39)
Income taxes paid		(86)	-	(86)	-
Net cash (outflow)/inflow from operating activities		(1,325)	817	(8,196)	788
Cash flows from investing activities					
Interest received		1	-	1	13
Payment for acquisition of subsidiary, net of cash acquired		(208,506)	-	(208,506)	-
Proceeds from sale of royalty		-	173	-	173
Payments for property, plant, and equipment		(11,142)	-	(15,942)	(227)
Payments for exploration and evaluation		(22)	(1,463)	(75)	(8,423)
Proceeds from sale of fixed assets		28	-	58	354
R&D tax offset received for exploration assets	8	-	-	62	-
Net cash outflow from investing activities		(219,641)	(1,290)	(224,402)	(8,110)
Cash flows from financing activities					
Proceeds from issue of shares		266,703	239	269,412	317
Share issue transaction costs		(9,704)	-	(9,704)	1
Transfer to funds held in escrow	15	(21,465)	-	(21,465)	-
Transaction costs related to loans and borrowings		(3,756)	-	(3,756)	-
Repayment of lease liability		(574)	-	(791)	-
Net cash inflow from financing activities		231,204	239	233,696	318
Net increase/(decrease) in cash and cash equivalents		10,238	(234)	1,098	(7,004)
Cash and cash equivalents at the beginning of the period		33,266	5,663	42,331	12,426
Effects of exchange rate changes on cash and cash equivalents		(255)	(22)	(180)	(15)
Cash and cash equivalents at the end of the period	6	43,249	5,407	43,249	5,407

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended 30 September 2021 and 30 September 2020

1. Corporate information

The financial statements cover Jervois Global Limited as a consolidated entity consisting of Jervois Global Limited (“Jervois” or the “Company”) and the entities it controlled (together referred to as the “Group”) at the end of, or during, the three and nine months ended 30 September 2021 (the “period”). The financial statements are presented in Australian dollars, which is Company’s functional and presentation currency.

Jervois changed its name from Jervois Mining Limited to Jervois Global Limited on 6 August 2021.

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

2. Principal activities

The principal activities of the Group during the period were cobalt refining, advanced chemical and powder manufacturing and associated commercial activities including product sales, in combination with mine construction and undertaking a refinery feasibility study.

3. Basis of preparation

a. Statement of compliance

The interim condensed consolidated financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 – Interim Financial Reporting and the Corporations Act 2001. The interim condensed consolidated financial statements also comply with IAS 34 – Interim Financial Reporting, as issued 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.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the six-month period ended 31 December 2020. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The annual consolidated financial statements comply with International Financial Reporting Standards, as issued by the IASB.

The same accounting policies, presentation and methods of computation have been followed in these interim consolidated financial statements as were applied in the preparation of the Group’s annual consolidated financial statements for the six-month period ended 31 December 2020.

b. New or amended accounting standards

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period and the impact is not material.

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended 30 September 2021 and 30 September 2020

4. Segment reporting

The Group is organised into the following reportable segments: cobalt refining in Finland, mine development in the United States of America, mineral processing in Brazil and mineral exploration and evaluation in Australia. 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 31 December 2020 annual financial report. The Group's operating segments are outlined below:

Australia	Includes Nico Young and other Australian tenement licenses held.
Brazil	Includes the São Miguel Paulista ("SMP") refinery currently under lease in São Paulo, Brazil.
Finland	Includes the cobalt refining and specialty products business located in Kokkola, Finland ("Jervois Finland").
United States of America	Includes the Idaho Cobalt Operation ("ICO") cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho.
Other	Consists of non-core exploration not related to Australia and the United States, 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:

Three months ended 30 September 2021	Australia A\$'000	Brazil A\$'000	Finland A\$'000	USA A\$'000	Other A\$'000	Total A\$'000
<i>Revenue from external customers</i>						
Timing of revenue recognition:						
At a point in time	-	-	33,396	-	-	33,396
Over time	-	-	-	-	-	-
	-	-	33,396	-	-	33,396
Other income	-	-	-	1	186	187
Segment expense	(779)	(950)	(31,323)	(619)	(8,577)	(42,248)
Depreciation and amortisation	-	(254)	(325)	(72)	(4)	(655)
Interest income	-	-	1	-	-	1
Interest expense	-	(586)	-	-	-	(586)
Net foreign exchange loss	-	-	(96)	(9)	(77)	(182)
Income tax expense	-	-	(309)	-	-	(309)
Segment result	(779)	(1,790)	1,344	(699)	(8,472)	(10,396)
Segment assets	7,880	30,379	389,435	263,374	13,024	704,092
Segment liabilities	-	(26,317)	(100,204)	(151,456)	(9,344)	(287,321)

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended 30 September 2021 and 30 September 2020

Nine months ended 30 September 2021	Australia A\$'000	Brazil A\$'000	Finland A\$'000	USA A\$'000	Other A\$'000	Total A\$'000
<i>Revenue from external customers</i>						
Timing of revenue recognition:						
At a point in time	-	-	33,396	-	-	33,396
Over time	-	-	-	-	-	-
	-	-	33,396	-	-	33,396
Other income	-	-	-	105	229	334
Segment expense	(877)	(2,494)	(31,323)	(1,415)	(16,413)	(52,522)
Depreciation and amortisation	-	(786)	(325)	(199)	(13)	(1,323)
Interest income	-	-	1	-	-	1
Interest expense	-	(1,858)	-	-	-	(1,858)
Net foreign exchange (loss)/gain	-	-	(96)	(4)	223	123
Income tax expense	-	-	(309)	-	-	(309)
Segment result	(877)	(5,138)	1,344	(1,513)	(15,974)	(22,158)
Segment assets	7,880	30,379	389,435	263,374	13,024	704,092
Segment liabilities	-	(26,317)	(100,204)	(151,456)	(9,344)	(287,321)

Three months ended 30 September 2020	Australia A\$'000	Uganda A\$'000	USA A\$'000	Other A\$'000	Total A\$'000
Other income	-	-	25	198	223
Segment expense	(35)	-	(42)	(1,551)	(1,628)
Depreciation and amortisation	-	-	(53)	(4)	(57)
Interest expense	-	-	-	-	-
Net foreign exchange loss	-	-	(180)	(18)	(198)
Segment result	(35)	-	(250)	(1,375)	(1,660)
Segment assets	8,342	20,359	81,288	7,298	117,287
Segment liabilities	-	-	(10,454)	(553)	(11,007)

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended 30 September 2021 and 30 September 2020

Nine months ended 30 September 2020	Australia A\$'000	Uganda A\$'000	USA A\$'000	Other A\$'000	Total A\$'000
Other income	-	-	65	269	334
Segment expense	(436)	(667)	4	(4,970)	(6,069)
Depreciation and amortisation	-	-	(184)	(13)	(197)
Interest income	-	-	-	12	12
Interest expense	-	-	(38)	-	(38)
Net foreign exchange gain	-	-	(13)	13	-
Segment result	(436)	(667)	(166)	(4,689)	(5,958)
Segment assets	8,342	20,359	81,288	7,298	117,287
Segment liabilities	-	-	(10,454)	(553)	(11,007)

Geographical information

The Group currently operates in these principal geographical areas: Australia, Brazil, Finland, and the United States of America.

	Three months ended 30 September 2021 Income A\$'000	Nine months ended 30 September 2021 Income A\$'000	30 September 2021 Non-current assets A\$'000	Three months ended 30 September 2020 Income A\$'000	Nine months ended 30 September 2020 Income A\$'000	30 September 2020 Non-currents assets A\$'000
Australia	-	-	7,967	-	-	9,996
Brazil	-	-	30,142	-	-	-
Finland	33,396	33,396	180,333	-	-	-
Uganda	-	-	-	-	-	20,337
United States of America	1	105	104,943	25	65	80,557
Other	186	229	1,818	198	269	1,745
Total	33,583	33,730	325,203	223	334	112,635

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended 30 September 2021 and 30 September 2020

5. Loss per share

	Three months ended 30 September 2021 A\$ (cents)	Nine months ended 30 September 2021 A\$ (cents)	Three months ended 30 September 2020 A\$ (cents)	Nine months ended 30 September 2020 A\$ (cents)
Loss per share				
Basic loss per share - cents	(0.921)	(2.433)	(0.258)	(0.928)
Diluted loss per share - cents	(0.921)	(2.433)	(0.258)	(0.928)

Basic loss and diluted loss per share

The calculation of basic loss per share and diluted loss per share for the three months ended 30 September 2021 was based on the loss attributable to ordinary equity holders of the Company of A\$10.396 million (three months ended 30 September 2020: loss of A\$1.66 million) and a weighted average number of ordinary shares outstanding during the three months ended 30 September 2021 of 1,128,719,745 (three months ended 30 September 2020: 642,775,952).

The calculation of basic loss per share and diluted loss per share for the nine months ended 30 September 2021 was based on the loss attributable to ordinary equity holders of the Company of A\$22.158 million (nine months ended 30 September 2020: loss of A\$5.958 million) and a weighted average number of ordinary shares outstanding during the nine months ended 30 September 2021 of 910,797,833 (Nine months ended 30 September 2020: 642,161,348).

6. Cash and cash equivalents

	30 September 2021 A\$'000	31 December 2020 A\$'000
Bank balances	43,249	42,331
Total cash and cash equivalents	43,249	42,331

7. Trade and other receivables

	30 September 2021 A\$'000	31 December 2020 A\$'000
Trade receivables	37,973	-
Other receivables	402	44
GST and other tax receivable	4,116	6
Total trade and other receivables	42,491	50

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended 30 September 2021 and 30 September 2020

8. Exploration and evaluation

	30 September 2021	31 December 2020
	A\$'000	A\$'000
Opening balance	7,171	53,590
Expenditure incurred and capitalised	125	2,266
Foreign currency translation	-	(4,334)
Impairment	-	(20,789)
Transfer to assets under construction	-	(22,018)
R&D tax offset recognised	(62)	(1,544)
Total exploration and evaluation	7,234	7,171

The Group's accounting policy is to capitalise expenditure on exploration and evaluation on an area of interest basis. The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

9. Property, plant, and equipment

	Property, plant & equipment	Office equipment, furniture & fittings	Motor vehicles	Assets under construction	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 September 2021					
<i>Cost</i>					
As at 1 January 2021	1,880	138	240	72,086	74,344
Acquisition of subsidiary (note 19)	38,419	-	-	1,327	39,746
Additions for the period	135	-	137	24,878	25,150
Disposals for the period	(45)	-	(53)	-	(98)
Transfers	230	-	-	(230)	-
Asset write-down	(441)	(14)	-	-	(455)
Foreign currency translation differences	605	3	12	5,772	6,392
As at 30 September 2021	40,783	127	336	103,833	145,079
<i>Depreciation and impairment</i>					
As at 1 January 2021	(85)	(26)	(119)	-	(230)
Depreciation charge for the period	(391)	(25)	(42)	-	(458)
Disposals for the period	-	-	53	-	53
Asset write-down	8	19	-	-	27
As at 30 September 2021	(468)	(32)	(108)	-	(608)
Net book value:					
As at 30 September 2021	40,315	95	228	103,833	144,471

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended 30 September 2021 and 30 September 2020

	Property, plant & equipment	Office equipment, furniture & fittings	Motor vehicles	Assets under construction	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
31 December 2020					
<i>Cost</i>					
As at 1 July 2020	1,986	148	254	56,991	59,379
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)
As at 31 December 2020	1,880	138	240	72,086	74,344
<i>Depreciation and impairment</i>					
As at 1 July 2020	(55)	(11)	(100)	-	(166)
Depreciation charge for the period	(30)	(17)	(19)	-	(66)
Disposals for the period	-	-	-	-	-
Asset write-down	-	2	-	-	2
As at 31 December 2020	(85)	(26)	(119)	-	(230)
Net book value:					
As at 31 December 2020	1,795	112	121	72,086	74,114

10. Intangible assets and goodwill

	Intangibles (including goodwill) A\$'000	Software A\$'000	Total A\$'000
30 September 2021			
<i>Cost</i>			
As at 1 January 2021	-	592	592
Additions for the period	-	-	-
Acquisition of subsidiary (note 19)	138,927	2	138,929
Foreign currency translation differences	-	41	41
As at 30 September 2021	138,927	635	139,562
<i>Amortisation and impairment</i>			
As at 1 January 2021	-	(174)	(174)
Amortisation charge for the period	-	(102)	(102)
Asset write-down	-	(16)	(16)
As at 30 September 2021	-	(292)	(292)
Net book value:			
As at 30 September 2021	138,927	343	139,270

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended 30 September 2021 and 30 September 2020

11. Reclamation deposits

	30 September 2021 A\$'000	31 December 2020 A\$'000
Reclamation Performance Bond requirement	9,346	9,346
Insured	9,346	9,346
In Trust:		
US Treasury Securities including impact of foreign currency translation	3,014	2,813
Total reclamation deposits	3,014	2,813

12. Trade and other payables

	30 September 2021 A\$'000	31 December 2020 A\$'000
Trade payables	33,761	150
Other payables	4,383	3
Accruals (i)	11,394	662
Interest payable (note 15)	3,535	-
Deferred revenue	-	3
Tax payable (VAT/GST/Fuel Tax)	(9)	(7)
Total trade and other payables	53,064	811

- (i) Accruals consist primarily of items relating to the development of ICO as well as costs incurred in relation to the acquisition of Freeport Cobalt (see note 19), including costs related to the equity raise to fund the acquisition.

13. Employee benefits

	30 September 2021 A\$'000	31 December 2020 A\$'000
Annual leave provision	224	134
Long service leave provision	283	19
Other employee entitlements	5,480	121
Total employee benefits	5,987	274
Current	5,644	255
Non-current	343	19
Total employee benefits	5,987	274

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14. Asset retirement obligation

	30 September 2021	31 December 2020
	A\$'000	A\$'000
Opening reclamation and closure cost balance	9,808	10,861
Foreign currency translation	687	(1,179)
Movements in economic assumptions and timing of cash flows	244	126
Closing reclamation and closure cost balance	10,739	9,808

The Group's provision for site reclamation and closure relates to ICO and is for disturbance due to construction activity to date. Once mining activity has been advanced, 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 30 September 2021 were US\$7.727 million or A\$10.739 million. The discount used to determine the present value of the obligation was nil, based on a US Treasury Bond rate of 1.40% and an inflation rate which exceeded the US Treasury Bond rate. 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.

15. Borrowings

	Interest rate	Maturity date	Principal A\$'000	30 September 2021 Carrying amount A\$'000	31 December 2020 Carrying amount A\$'000
Loans	N/A	N/A	N/A	-	104
Senior secured bonds (i)	12.5%	20-Jul-26	138,651	131,905	-
Total borrowings				131,905	104

- (i) On 20 July 2021, the Company completed settlement of a US\$100.0 million senior secured bond facility. The bonds were issued by the Company's wholly owned subsidiary, Jervois Mining USA Limited, and are administered by the bond trustee, Nordic Trustee AS. The coupon rate is 12.5% per annum, with interest payable bi-annually in arrears.

Upon settlement, the proceeds of the bond were deposited into an escrow account, whilst the first year's interest payment of US\$12.5 million was deposited into a debt service account, both pursuant to the terms and conditions of the bond facility. These have been classified as "funds held in escrow" in the statement of financial position. Following the satisfaction of certain pre-disbursement conditions, the proceeds are to be applied towards capital expenditures, operating costs and other costs associated with the construction of ICO and bringing it into production. The bonds have been classified as a current liability in the statement of financial position until satisfaction of the pre-disbursement conditions results in drawdown of the bond proceeds from the escrow account.

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16. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities held by the Group as at 30 September 2021 and 31 December 2020:

	30 September 2021 A\$'000	31 December 2020 A\$'000
Financial assets at amortised cost		
Cash and cash equivalents	43,249	42,331
Term deposits	116	116
Funds held in escrow	157,343	-
Trade and other receivables	42,491	50
Total financial assets	243,199	42,497
Financial liabilities at fair value through profit or loss		
Contingent consideration (note 19)	51,301	-
Financial liabilities at amortised cost		
Trade and other payables	53,064	811
Loans	-	104
Senior secured bonds	131,905	-
Lease liabilities	27,665	26,915
Total financial liabilities	212,634	27,830

Fair value measurement

The categories within the fair value hierarchy of the Group's financial instruments carried at fair value are as follows:

30 September 2021 Financial liabilities	Level 1	Level 2	Level 3	Total
Contingent consideration (note 19)	-	-	51,301	51,301

There were no transfers during the period between any of the levels.

17. Share capital

	30 September 2021 A\$'000	31 December 2020 A\$'000
Share capital	525,294	211,700
Costs of raising equity	(15,241)	(2,763)
Total share capital	512,816	208,937

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

	No of shares '000	A\$'000
Opening balance at 1 July 2020	642,252	164,476
Movements in 2020		
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)
Closing share capital balance at 31 December 2020	791,303	208,937

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Movements in 2021

Issue of ordinary shares – exercise of options	12,379	3,328
Issue of ordinary shares – placement	711,430	313,029
Less costs of raising equity		(12,478)
Closing share capital balance at 30 September 2021	1,515,112	512,816

(ii) Movements in costs of raising equity:

	Nine months to 30 September 2021 A\$'000	Six months to 31 December 2020 A\$'000
Opening balance	(2,763)	(1,773)
Costs incurred	(12,478)	(990)
Closing balance	(15,241)	(2,763)

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

	Nine months to 30 September 2021 Number of options	Six months to 31 December 2020 Number of options
Balance at the beginning of the period	85,122,500	69,973,200
Granted	11,500,000	21,750,000
Forfeited	(1,750,000)	(5,800,700)
Exercised	(1,000,000)	(800,000)
Balance at the end of the period	93,872,500	85,122,500
Vested and exercisable at period end	35,350,000	30,100,000

Employee options granted

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, an additional 11,500,000 options were issued to employees as part of the Company option plan, with 1,750,000 options forfeited and 1,000,000 exercised at an exercise price of A\$0.20/share, thus bringing the options issued over ordinary shares in the Company to 93,872,500 as at 30 September 2021.

During the period, 250,000 options at an exercise price of A\$0.20/share and 2,500,000 options at an exercise price of A\$0.24/share vested pursuant to the Company's option terms.

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Unissued shares under options

As at 30 September 2021 unissued shares of the Company under option are:

Expiry date	Exercise price (A\$)	Number of shares
30-Nov-22	\$0.150	15,000,000
01-Jul-23	\$0.295	7,500,000
30-Sep-23	\$0.290	5,000,000
30-May-24	\$0.345	100,000
01-Jun-24	\$0.240	2,500,000
18-Jun-24	\$0.305	2,500,000
15-Aug-24	\$0.240	2,500,000
30-Sep-24	\$0.240	5,000,000
30-Sep-25	\$0.310	5,000,000
14-Aug-27	\$0.200	750,000
15-Aug-27	\$0.200	10,700,000
31-Mar-28	\$0.150	9,572,500
18-Oct-28	\$0.325	7,500,000
03-Jan-29	\$0.290	6,000,000
28-Feb-29	\$0.290	3,250,000
28-Feb-29	\$0.500	500,000
08-Aug-29	\$0.565	3,250,000
31-Aug-29	\$0.555	1,000,000
31-Aug-29	\$0.480	6,250,000
Total		93,872,500

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 of the Group's annual report as at 31 December 2020. The options do not entitle the holder to participate in any share issue of the Company.

(iv) Movements in options for services:

	Nine months to 30 September 2021 Number of options	Six months to 31 December 2020 Number of options
Balance at the beginning of the period	550,000	550,000
Granted	-	-
Forfeited	-	-
Exercised	-	-
Balance at the end of the period	550,000	550,000
Vested and exercisable at period end	550,000	550,000

Options granted for services provided to the Company

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.

During the period, no options were issued to advisers to the Company in exchange for services rendered. Nil options forfeited and nil exercised, thus the options issued to service providers over ordinary shares in the Company is 550,000 as at 30 September 2021.

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Unissued shares under options for services provided

As at 30 September 2021 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	\$0.225	250,000
Total		550,000

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:

	Nine months to 30 September 2021 Number of options	Six months to 31 December 2020 Number of options
Balance at the beginning of the period	18,015,250	30,099,750
Granted	-	-
Forfeited	-	-
Exercised	(11,378,500)	(710,000)
Expired	(2,132,250)	(11,374,500)
Balance at the end of the period	4,504,500	18,015,250
Vested and exercisable at period end	4,504,500	18,015,250

Options granted as part of acquisitions

During the period, no new options were issued as part of any acquisitions. Nil options were forfeited, 11,378,500 were exercised and 2,132,250 expired, thus bringing the options issued for acquisitions over ordinary shares in the Company to 4,504,500 as at 30 September 2021.

Unissued shares under options as part of the acquisitions

As at 30 September 2021 unissued shares of the Company under option are:

Expiry date	Exercise price (C\$)	Number of shares
28-Jun-22	\$0.71	1,344,750
28-Jun-23	\$0.61	1,179,750
01-Oct-23	\$0.53	1,980,000
Total		4,504,500

The share options granted under acquisitions have no dividend or voting rights. When exercised, each option is convertible into one ordinary share. 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.

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(vi) **Movements in performance rights:**

	Nine months to 30 September 2021 Number of rights	Six months to 31 December 2020 Number of rights
Balance at the beginning of the period	-	-
Granted	1,489,709	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Balance at the end of the period	1,489,709	-
Vested at period end	-	-

Performance rights granted:

The principal focus of the Company's performance rights plan is to align the economic interests of the Company's officers, Directors, employees, and consultants with that of the Group by providing them an opportunity, through the performance rights, to acquire an increased proprietary interest in the Company.

The performance rights are subject to the satisfaction of certain vesting conditions relating to the Company's relative total shareholder return and the employee's continued employment with the Company, subject to certain provisions. Total shareholder return measures the growth in the price of the Company's shares as a percentage, factoring in dividends notionally being reinvested in the shares. Relative shareholder return measures the Company's total shareholder return ranking against entities in a particular comparator group at the end of the relevant performance period.

During the period, 1,489,709 performance rights were issued to employees. Nil performance rights were forfeited and nil expired, thus bringing the performance rights over ordinary shares in the Company to 1,489,709 as at 30 September 2021.

Unissued shares under performance rights to Directors and employees

As at 30 September 2021 unissued shares of the Company under option are:

Expiry date	Exercise price (A\$)	Number of rights
03-Apr-24	N/A	415,082
17-Feb-24	N/A	1,074,627
Total		1,489,709

18. Share-based payments

Recognised share-based payment expense

	Nine months to 30 September 2021 A\$'000	Nine months to 30 September 2020 A\$'000
Expense arising from equity settled share-based payment transactions	(2,814)	(2,027)

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19. Business combination

On 1 September 2021, Jervois acquired 100% of Freeport Cobalt by purchasing all the shares of Freeport Cobalt Oy and four affiliated entities (the “Acquired Business”) from Koboltti Chemicals Holdings Limited. The acquisition is expected to increase the Group’s market share and transform Jervois into a global, vertically integrated cobalt and nickel company of scale.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	A\$’000
<i>Purchase consideration</i>	
Cash paid	235,904
Sub-underwriting subscription amount	46,775
Contingent consideration (ii)	51,301
Total purchase consideration	<u>333,980</u>
Cash and cash equivalents	27,398
Trade and other receivables (iii)	40,511
Inventories	131,230
Property, plant, and equipment	39,746
Intangible assets	2
Other assets	678
Payables	(34,059)
Income tax payables	(2,053)
Lease liabilities	(1,468)
Net deferred tax liabilities	(3,786)
Other liabilities	(344)
Net identifiable assets acquired (iii)	<u>197,855</u>
Add: provisional goodwill (iii)	138,927
Foreign currency translation differences	(2,802)
	<u><u>333,980</u></u>

(i) Acquisition related costs

Acquisition-related costs of A\$6.705 million are included in administrative expenses in profit or loss.

(ii) Contingent consideration

The contingent consideration arrangement requires Jervois to pay up to US\$40 million, payable in cash up to US\$10 million per year based on the Acquired Business’s financial performance from 2022 through to 2026, and through a “catch-up” amount based on the Acquired Business’s aggregate financial performance during that period.

Contingent consideration payable increases linearly from a payment of US\$0 million if the Acquired Business’s EBITDA equals US\$20 million or less to a payment of US\$10 million if the Acquired Business’s EBITDA equals more than the agreed target of US\$40 million. The “catch-up” amount is quantified as the difference between (a) the sum of all contingent amounts already payable and (b) the sum that would have been payable if the Acquired Business’s aggregate EBITDA over the period (2022 to 2026) were averaged out over the period. This remains subject to the overall maximum contingent consideration payment of US\$40 million.

The fair value of the contingent consideration arrangement of A\$51.301 million was provisionally estimated by calculating the present value of the future expected cash flows. These estimates are based on a risk-free discount rate.

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(iii) Identifiable net assets

The fair values of the identifiable net assets acquired have been determined provisionally at 30 September 2021 due to the acquisition being completed late in the period. The Group is currently obtaining the information necessary to finalise its valuation. As a result, these identifiable net assets may need to be subsequently adjusted, with a corresponding adjustment to goodwill, prior to 1 September 2022 (one year after the transaction date). In addition, the acquisition is subject to certain post-closing adjustments.

The fair value of trade and other receivables is A\$40.511 million and includes trade receivables with a fair value of A\$34.992 million. The gross contractual amount for trade receivables due is A\$35.129 million, of which A\$0.137 million has been provided for.

(iv) Revenue and profit contribution

The Acquired Business contributed revenues of A\$33.396 million and net profit after tax of A\$1.344 million to the Group for the period from 1 September 2021 to 30 September 2021. If the acquisition had occurred on 1 January 2021, consolidated revenue and consolidated net profit after tax of the Acquired Business for the period from 1 January 2021 to 30 September 2021 would have been A\$262.262 million and A\$12.587 million, respectively.

20. Related party transactions

Related party disclosure

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 September 2019, Jervois used 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 were conducted on arms-length terms. Upon suspension of all exploration activities in Uganda, the relationship with Great Rift was terminated in February 2021. 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 30 September 2021.

	Nine months to 30 September 2021 A\$'000	Nine months to 30 September 2020 A\$'000
Management services – Great Rift	43	201

21. Events after reporting period

On 29 October 2021, the Company's wholly owned subsidiaries, Jervois Suomi Holding Oy and Jervois Finland Oy (together, the "Borrowers"), entered into a secured loan facility (the "Facility") with Mercuria Energy Trading SA, a wholly owned subsidiary of Mercuria Energy Group Limited, to borrow up to US\$75 million. The Facility is secured against the assets, including working capital, of the Borrowers and is guaranteed by the Company. The Facility has a maturity date of 31 December 2024 and bears interest on amounts drawn at LIBOR plus 5%.