



**Jervois Mining USA Limited**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Unaudited – Expressed in US Dollars)**

**For the three and six months ended 30 June 2022**

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# JERVOIS MINING USA LIMITED

## Management Report

Management presents their report, together with the unaudited condensed interim financial statements, of Jervois Mining USA Limited (the “Company”) for the three and six months ended 30 June 2022 (the “period”).

### 1. Director

The sole Director of the Company during the whole of the financial period and up to the date of this report was:

Name	Role
Bryce Crocker	Chief Executive Officer

### 2. Principal activity

The principal activity of the Company during the period was mine construction.

### 3. Principal address

1309 S Challis St,  
Salmon, Idaho,  
83467-5453,  
United States of America (“United States”)

### 4. Dividends paid or recommended

There were no dividends paid, recommended, or declared during the period.

### 5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company.

### 6. Review of operations

The net loss after tax of the Company for the three-month period ended 30 June 2022 was US\$3.1 million (three-month period ended 30 June 2021: net loss after tax of US\$0.4 million). The net loss after tax of the Company for the six-month period ended 30 June 2022 was US\$4.2 million (six-month period ended 30 June 2021: net loss after tax of US\$0.6 million).

During the period, operations have focussed on the ongoing development of the Idaho Cobalt Operations (“ICO”) cobalt-copper-gold mine located outside the town of Salmon, Idaho, United States. ICO is a key asset in delivering Jervois Global Limited’s (“Jervois”, the ultimate parent of the Company) strategy to become a leading independent cobalt and nickel company providing metals and minerals for the world’s energy transition through a Western supply chain. ICO will be the United States’ only primary domestic mine supply of cobalt, a critical mineral used in applications across industry, defence, energy, and electric vehicles.

In June 2022, Jervois announced it expected to commence commissioning the plant at ICO in September 2022, with first ore through the mill in October 2022 and sustainable, full-rate ore processing forecast by February 2023.

With detailed engineering, procurement, and commitments all more than 90% complete, Jervois revised the final forecast capital expenditure to bring ICO into production to US\$107.5 million (from US\$99.1 million), an increase of ~7.5%. Project construction experienced cost pressures due to the significant United States inflationary environment, compounded in recent months due to contractor shortages and poor weather conditions across May and June 2022. Weather-related delays have affected site installation for the accommodation camp, which is now expected to be operable in late August/early September 2022.

In February 2022, the Company announced it had completed the first of two US\$50 million drawdowns of its US\$100 million bond offering proceeds from the escrow account, as contemplated by the terms of the bonds. Subsequent to the period end, in July 2022, the Company completed the second US\$50.0 million drawdown of its US\$100 million bond offering proceeds from the escrow account upon satisfaction of the pre-disbursement conditions precedent.

## **JERVOIS MINING USA LIMITED**

### **Management Report**

#### *ICO construction and mine development progress*

As of June 2022, mine development continued at ~27 feet per day. Planned increases to underground working faces, improved water management and road conditions, as well as additional personnel and greater utilisation of existing and future mining equipment on site are expected to continue to improve mine development productivity. The Company and its mining contractor, Small Mine Development, remain confident in the revised mining production targets that underpin the capital cost update.

The SAG mill, ball mill and crusher are each in place, and work continues with facilities construction and equipment placement.

An official opening ceremony is scheduled at site for 7 October 2022, with expected participation of United States political leadership and Australian government delegates.

As of 30 June 2022, Jervois had spent US\$66.9 million of the total capital expenditure budget. Capital expenditure in Q2 2022 was US\$25.9 million.

#### *Drilling at ICO*

The previously announced initial US\$1.2 million infill programme commenced in Q1 2022 and is set to be complete in August 2022. Infill drilling rates over 200 feet per day are being achieved as part of a 19,000 feet underground campaign to decrease hole space aiming to enhance ore body knowledge and de-risk early mining.

In June 2022, Jervois approved an additional US\$3.6 million for drilling to complete additional infill and first expansion drilling from both surface and underground platforms to further define and expand its RAM deposit within ICO. This will take total planned drilling footage in 2022 to 46,000 feet.

Both drilling campaigns will improve ICO's resource model and will be used to develop a production block model for both short- and medium-term mining operations and will target expansion down dip of the currently defined and known deposit. The RAM deposit remains open at depth and along strike, and the Company has confidence that there exists a strong potential of both resource and reserve expansion. Consistent with this expectation, planning is underway in relation to the Company's neighbouring Sunshine deposit and historical mineral resource, with preparations for a 2023 summer drill programme well underway. The historical Sunshine cobalt resource is located a short traverse to the ICO mill and concentrator currently under construction.

Principal risk factors affecting the Company include:

- Weather, which is a key risk regarding potential delays, albeit reducing in spring.
- Inflationary pressures in the United States in relation to labour and materials.
- Supply chain disruptions and costs.
- Construction contractor staffing.

For additional risks affecting the Company, reference is made to the audited financial statements for the year ended 31 December 2021, which can be found on Jervois' website.

#### **7. Director's declaration**

In the opinion of the Director of the Company, the financial statements that are set out pages 5 to 9 below give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial period ended on that date.

**JERVOIS MINING USA LIMITED**  
**Condensed Statement of Financial Position**  
**As at 30 June 2022 (Unaudited)**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	7,683	779
Funds held in escrow	57,250	113,500
Prepayments	379	761
Receivables with other group entities	657	316
Inventories	154	15
Financial assets at fair value through profit or loss	1,681	1,834
<b>Total current assets</b>	<b>67,804</b>	<b>117,205</b>
<b>Non-current assets</b>		
Property, plant, and equipment	172,242	115,116
Right-of-use assets	414	-
Intangible assets	165	219
<b>Total non-current assets</b>	<b>172,821</b>	<b>115,335</b>
<b>Total assets</b>	<b>240,625</b>	<b>232,540</b>
<b>Current liabilities</b>		
Trade and other payables	8,892	4,782
Employee benefits	310	-
Payables with other group entities	2,090	200
Borrowings	54,137	101,933
Lease liabilities	103	-
<b>Total current liabilities</b>	<b>65,532</b>	<b>106,915</b>
<b>Non-current liabilities</b>		
Payables with other group entities	106,235	101,508
Asset retirement obligation	8,299	7,727
Borrowings	48,042	-
Lease liabilities	299	-
<b>Total non-current liabilities</b>	<b>162,875</b>	<b>109,235</b>
<b>Total liabilities</b>	<b>228,407</b>	<b>216,150</b>
<b>Net assets</b>	<b>12,218</b>	<b>16,390</b>
<b>Equity</b>		
Share capital	122,708	122,708
Reserve	(24,813)	(24,813)
Accumulated losses	(85,677)	(81,505)
<b>Total equity attributable to equity holders of the Company</b>	<b>12,218</b>	<b>16,390</b>

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

**JERVOIS MINING USA LIMITED****Condensed Statement of Profit or Loss and Other Comprehensive Income****For the three and six months ended 30 June 2022 (Unaudited)**

	Three months ended 30 June 2022 US\$'000	Three months ended 30 June 2021 US\$'000	Six months ended 30 June 2022 US\$'000	Six months ended 30 June 2021 US\$'000
Other income	-	80	-	80
Administrative expenses	(404)	(4)	(440)	(42)
Communication expenses	(132)	(7)	(215)	(24)
Employee benefits expenses	(988)	(140)	(1,492)	(304)
Share-based payments	(93)	-	(185)	-
Insurance premiums	-	(303)	-	(303)
Professional fees	(62)	(2)	(83)	(4)
Licensing fees	(118)	(15)	(132)	(40)
Other expenses	(397)	(201)	(646)	(233)
Depreciation and amortisation	(128)	(53)	(202)	(98)
Asset write-down	-	44	-	-
Gain on sale of fixed assets	1,481	-	1,481	-
Other loss	(153)	-	(153)	-
Net foreign exchange gain/(loss)	6	-	(9)	(1)
Interest expense	(2,070)	(76)	(2,096)	(93)
Interest income	-	237	-	480
<b>Loss before income tax expense</b>	<b>(3,058)</b>	<b>(440)</b>	<b>(4,172)</b>	<b>(582)</b>
Income tax expense	-	-	-	-
<b>Loss for the period</b>	<b>(3,058)</b>	<b>(440)</b>	<b>(4,172)</b>	<b>(582)</b>

The above statement of profit or loss and other comprehensive income

should be read in conjunction with the accompanying notes

**JERVOIS MINING USA LIMITED****Condensed Statement of Changes in Equity****For the three and six months ended 30 June 2022 (Unaudited)**

	<b>Share capital US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Group re- organisation reserve US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 January 2022</b>	122,708	(81,505)	(24,813)	16,390
<b>Loss for the period</b>	-	(4,172)	-	(4,172)
<b>Balance as at 30 June 2022</b>	122,708	(85,677)	(24,813)	12,218

	<b>Share capital US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Group re- organisation reserve US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 January 2021</b>	39,513	(75,251)	-	(35,738)
<b>Loss for the period</b>	-	(582)	-	(582)
<b>Loss on novation of receivables with other group entities</b>	-	-	(24,785)	(24,785)
<b>Balance as at 30 June 2021</b>	39,513	(75,833)	(24,785)	(61,105)

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

**JERVOIS MINING USA LIMITED****Condensed Statement of Cash Flows****For the three and six months ended 30 June 2022 (Unaudited)**

	Three months ended 30 June 2022 US\$'000	Three months ended 30 June 2021 US\$'000	Six months ended 30 June 2022 US\$'000	Six months ended 30 June 2021 US\$'000
<b>Cash flows from operating activities</b>				
Payments to suppliers and employees	(861)	(1,487)	(1,847)	(1,732)
Interest paid	(32)	-	(6,282)	-
<b>Net cash outflow from operating activities</b>	<b>(893)</b>	<b>(1,487)</b>	<b>(8,129)</b>	<b>(1,732)</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant, and equipment	(25,861)	(5,896)	(45,801)	(7,181)
Proceeds from sale of fixed assets	1,230	-	1,230	-
<b>Net cash outflow from investing activities</b>	<b>(24,631)</b>	<b>(5,896)</b>	<b>(44,571)</b>	<b>(7,181)</b>
<b>Cash flows from financing activities</b>				
(Repayments)/additions with other group entities	(422)	7,935	3,401	10,023
Transfer from funds held in escrow	-	-	56,250	-
Repayment of borrowings	-	(80)	-	(80)
Repayment of lease liability	(47)	-	(47)	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(469)</b>	<b>7,855</b>	<b>59,604</b>	<b>9,943</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,993)</b>	<b>472</b>	<b>6,904</b>	<b>1,030</b>
Cash and cash equivalents at the beginning of the period	33,676	746	779	188
<b>Cash and cash equivalents at the end of the period</b>	<b>7,683</b>	<b>1,218</b>	<b>7,683</b>	<b>1,218</b>

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



## **JERVOIS MINING USA LIMITED**

### **Notes to the Condensed Interim Financial Statements**

#### **For the three and six months ended 30 June 2022 (Unaudited)**

##### **1. Corporate information and basis of preparation**

These unaudited condensed interim financial statements cover Jervois Mining USA Limited (the “Company”) at the end of, or during, the three and six months ended 30 June 2022 (the “period”). The financial statements are presented in United States dollars, which is Company’s functional and presentation currency.

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. These unaudited condensed interim financial statements have been prepared for information purposes only and may not be indicative of the financial performance of the Company. These unaudited condensed interim financial statements have been rounded to the nearest thousands.

##### **2. Principal activity**

The principal activity of the Company during the period was mine construction.