



Jervois Mining USA Limited

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Expressed in US Dollars)

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

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 September 2022 was US\$4.1 million (three-month period ended 30 September 2021: net loss after tax of US\$0.8 million). The net loss after tax of the Company for the nine-month period ended 30 September 2022 was US\$8.3 million (nine-month period ended 30 September 2021: net loss after tax of US\$1.4 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 (“U.S.”). 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 U.S.’ only primary domestic mine supply of cobalt, a critical mineral used in applications across industry, defence, energy generation and distribution, and electric vehicles. Cobalt will play a key role in the transition to a low carbon economy.

Official opening

The Company celebrated the official opening of ICO on 7 October 2022 with a ceremony attended by the Jervois Board of Directors, senior management, employees of the Company, U.S. and Australian dignitaries including Idaho Governor Mr. Brad Little; the Ambassador of Australia to the U.S., the Hon. Arthur Sinodinos AO; Under Secretary for Science and Innovation, U.S. Department of Energy, Dr. Geri Richmond; and the Deputy Assistant Secretary for Textile, Consumer Goods and Materials, U.S. Department of Commerce, Ms. Jennifer Knight.

The ceremony took place at 8,100 feet, surrounded by the Salmon Challis National Forest, which is managed by the Company’s regulator, the U.S. Forest Service. Jervois and the Company acknowledge that ICO is located within lands traditionally occupied by the Shoshone-Bannock Tribes and Nez Perce Tribe, whose rights are respectively reserved by treaties across the region. This serves to reinforce Jervois and the Company’s continued dedication to environmental stewardship and engagement with tribal governments.

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Jervois commenced the first stage of plant commissioning at ICO following the opening, with commissioning expected to continue throughout October and November 2022. Commercial concentrate production is expected in Q4 2022. Jervois expects to achieve full nameplate capacity by the end of Q1 2023.

ICO construction and mine development progress

Ore delivery to the plant on the ICO site is expected to begin during Q4 2022, with multiple ore faces now available for production mining. Underground mine infrastructure, including the underground fuel island, triple clarifying sumps and the main shop, are nearing completion. Mine development continues with a focus on vertical development to support additional production ore faces, reducing risk to ore delivery and increasing optionality for blending.

During September 2022, the ICO mining camp opened and is now operating at 90% capacity. The mining camp consists of 102 individual rooms with ensuites, a dining facility, laundry facilities and recreation facilities. During Q4 2022, the “miners’ dry” is expected to be installed and commissioned. The ICO mining camp will deliver increased safety benefits with reduced travel and improved fatigue management, as well as increased productivity from increased working hours, efficient shift changes and the ability to continue construction activities on a 24 hours / 7 days a week basis.

As of 30 September 2022, ICO construction was at 95% engineering completion and 71% construction completion. Major equipment installs including the SAG mill, ball mill, jaw crusher, fine ore bin, raw water tank, process water tank, copper and cobalt flotation cells are now complete. Commissioning on key utility systems, such as process water delivery, has commenced. Concrete work for the project is nearing completion, as construction focus moves to electrical and piping installation with the first installs occurring during the period.

During the period, expansion of the Tailings and Waste Storage Facility commenced with all earthmoving, lining and piping completed, with only the installation of the aggregate overliner remaining for completion in Q4 2022.

As of 30 September 2022, Jervois had spent US\$91.0 million in capital expenditure since the commencement of construction. Capital expenditure in the period was US\$24.1 million.

Drilling at ICO

During 2022, Jervois commenced a US\$4.8 million, or 46,000 feet, drilling campaign at ICO targeting both infill and expansion of the existing known mineral reserve and resource. To date, the Company has completed 28,000 feet of drilling, which has reduced drill hole spacing in the resource that will underpin mining in 2023 and into 2024. With adequate underground access now available, surface drilling (including targeted resource expansion holes) is moving underground, where productivity is expected to improve and can continue through the upcoming winter.

An updated Australian JORC 2012 and Canadian National Instrument (“NI”) 43-101 Mineral Reserve and Resource Estimate is expected to be published in Q2 2023.

Offtake

As there are no cobalt refineries in the U.S., the cobalt concentrate produced at ICO must be sent outside the country for refining. Jervois has an option to refine ICO cobalt concentrate at its 100%-owned São Miguel Paulista refinery in São Paulo, Brazil, and is continuing its negotiations with third-party processors in countries allied to the U.S.

Jervois will sell copper concentrate from ICO into North American markets.

Operating costs

ICO construction has taken place across a period of rising inflation in the U.S. Strong management by Jervois, the Company, and its U.S. construction partners, led by M3 Engineering, minimised capital expenditure increases for mine development and construction. As the mine enters commissioning, the Company is working to optimise its business plan for ICO, including opportunities to mitigate these same U.S. inflationary pressures on ICO operating costs.

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Strategic importance of ICO

ICO became an economically viable project as cobalt prices increased, and global geopolitical perspectives evolved with governments placing increased importance on critical mineral production in their own countries or in friendly jurisdictions. ICO will be a key contributor to U.S. national security by securing a domestic supply of cobalt, which has been designated a critical mineral by the U.S. Government.

Jervois hopes to progress its engagement with the U.S. Government to preserve and expand these national security benefits, including potential investments into mine expansion and downstream processing, and other strategies to ensure that pricing volatility associated with a commodity supply chain controlled by China does not adversely impact the U.S. national interest.

Jervois is proud of its ESG record to date and plans to continue to demonstrate its ability to operate ICO with strong environmental stewardship. Jervois and the Company look forward to continuing its productive relationship with its regulators, including the U.S. Forest Service, as it examines potential mine expansion within the currently disturbed site footprint.

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 6 to 10 below give a true and fair view of the Company's financial position as at 30 September 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 September 2022 (Unaudited)

	30 September 2022	31 December 2021
	US\$'000	US\$'000
Current assets		
Cash and cash equivalents	31,265	779
Restricted cash – funds held in escrow	-	113,500
Restricted cash – other	690	-
Prepayments	361	761
Receivables with other group entities	877	316
Inventories	92	15
Financial assets at fair value through profit or loss	1,681	1,834
Total current assets	34,966	117,205
Non-current assets		
Property, plant, and equipment	211,711	115,116
Right-of-use assets	443	-
Intangible assets	138	219
Total non-current assets	212,292	115,335
Total assets	247,258	232,540
Current liabilities		
Trade and other payables	20,973	4,782
Payables with other group entities	3,571	200
Employee benefits	427	-
Borrowings	3,125	101,933
Lease liabilities	143	-
Total current liabilities	28,239	106,915
Non-current liabilities		
Payables with other group entities	106,200	101,508
Asset retirement obligation	8,299	7,727
Borrowings	96,084	-
Lease liabilities	297	-
Total non-current liabilities	210,880	109,235
Total liabilities	239,119	216,150
Net assets	8,139	16,390
Equity		
Share capital	122,708	122,708
Reserve	(24,813)	(24,813)
Accumulated losses	(89,756)	(81,505)
Total equity attributable to equity holders of the Company	8,139	16,390

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 nine months ended 30 September 2022 (Unaudited)

	Three months ended 30 September 2022 US\$'000	Three months ended 30 September 2021 US\$'000	Nine months ended 30 September 2022 US\$'000	Nine months ended 30 September 2021 US\$'000
Other income	10	-	10	80
Administrative expenses	(276)	(15)	(716)	(57)
Communication expenses	(134)	(24)	(349)	(48)
Employee benefits expenses	(1,920)	(276)	(3,412)	(580)
Share-based payments	(89)	-	(274)	-
Insurance premiums	-	(230)	-	(533)
Legal and professional fees	(7)	(13)	(90)	(17)
Securities quotation and licencing fees	(20)	(22)	(152)	(62)
Other expenses	(67)	(103)	(713)	(336)
Depreciation and amortisation	(161)	(53)	(363)	(151)
Gain on sale of fixed assets	-	-	1,481	-
Other loss	-	-	(153)	-
Net foreign exchange loss	(3)	-	(12)	(1)
Interest expense	(1,492)	(47)	(3,588)	(140)
Interest income	80	7	80	487
Loss before income tax expense	(4,079)	(776)	(8,251)	(1,358)
Income tax expense	-	-	-	-
Loss for the period	(4,079)	(776)	(8,251)	(1,358)

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 nine months ended 30 September 2022 (Unaudited)**

	Share capital US\$'000	Accumulated losses US\$'000	Group re- organisation reserve US\$'000	Total US\$'000
Balance as at 1 January 2022	122,708	(81,505)	(24,813)	16,390
Loss for the period	-	(8,251)	-	(8,251)
Balance as at 30 September 2022	122,708	(89,756)	(24,813)	8,139

	Share capital US\$'000	Accumulated losses US\$'000	Group re- organisation reserve US\$'000	Total US\$'000
Balance as at 1 January 2021	39,513	(75,251)	-	(35,738)
Loss for the period	-	(1,358)	-	(1,358)
Loss on novation of receivables with other group entities	-	-	(24,785)	(24,785)
Balance as at 30 September 2021	39,513	(76,609)	(24,785)	(61,881)

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

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Condensed Statement of Cash Flows

For the three and nine months ended 30 September 2022 (Unaudited)

	Three months ended 30 Sep 2022 US\$'000	Three months ended 30 Sep 2021 US\$'000	Nine months ended 30 Sep 2022 US\$'000	Nine months ended 30 Sep 2021 US\$'000
Cash flows from operating activities				
Other income	10	80	10	80
Payments to suppliers and employees	(2,817)	(720)	(4,696)	(2,452)
Interest paid	(6,250)	-	(12,500)	-
Net cash outflow from operating activities	(9,057)	(640)	(17,186)	(2,372)
Cash flows from investing activities				
Interest received	80	-	80	-
Payments for property, plant, and equipment	(24,225)	(4,637)	(70,026)	(11,818)
Proceeds from sale of fixed assets	20	-	1,250	-
Net cash outflow from investing activities	(24,125)	(4,637)	(68,696)	(11,818)
Cash flows from financing activities				
(Repayments)/additions with other group entities	256	22,450	3,657	32,473
Transfer from / (to) funds held in escrow	57,250	(15,500)	113,500	(15,500)
Transfer from / (to) restricted cash – other	(690)	-	(690)	-
Repayment of borrowings	-	-	-	(80)
Transaction costs related to loans and borrowings	-	(2,850)	-	(2,850)
Repayment of lease liability	(52)	-	(99)	-
Net cash inflow from financing activities	56,764	4,100	116,368	14,043
Net (decrease)/increase in cash and cash equivalents	23,582	(1,177)	30,486	(147)
Cash and cash equivalents at the beginning of the period	7,683	1,218	779	188
Cash and cash equivalents at the end of the period	31,265	41	31,265	41

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 nine months ended 30 September 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 nine months ended 30 September 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.