



**Jervois Mining USA Limited**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited – Expressed in US Dollars)**

**For the three months ended 31 March 2023**

## **JERVOIS MINING USA LIMITED**

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# JERVOIS MINING USA LIMITED

## Management's Report

Management presents their report, together with the unaudited condensed interim financial statements, of Jervois Mining USA Limited (the "Company") for the three months ended 31 March 2023 (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" or "U.S.")

### 4. Dividends paid or recommended

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

### 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 31 March 2023 was US\$3.643 million (31 March 2021: loss of US\$1.114 million).

### Idaho Cobalt Operations ("ICO") development

The mine component of ICO's construction has been completed, with a successful start to underground stoping and more than 30,000 short tons of ore ready for processing.

However, at the currently depressed cobalt prices, in late March 2023 the Company's ultimate parent, Jervois Global Limited ("Jervois"), announced its decision to suspend final construction and full concentrator commissioning at ICO. Continuing low cobalt prices were compounded by the current U.S. inflationary construction cost environment, particularly at ICO's remote location, which has proven challenging for the Company to manage effectively.

ICO's mineral resource and reserve is the largest and highest grade confirmed cobalt orebody in the U.S. and, when operational, will represent the country's only primary cobalt mine supply. Cobalt is a critical mineral as declared by the U.S. Government. Jervois has determined that not mining ICO cobalt at cyclically low prices will preserve the optionality and inherent strategic value of ICO for shareholders and key stakeholders, including local communities and the State of Idaho. The Company also views not mining ICO at current prices as consistent with U.S. Government critical mineral policy objectives.

Jervois remains confident regarding the medium- and longer-term future of cobalt. The trajectory of structurally higher prices is expected to be increasingly influenced by rising cobalt demand from the energy transition, including electric vehicles. The Company's expectation is that Western cobalt purchasers will increasingly prefer cobalt from sources with high environmental, social, and governance ("ESG") credentials, particularly given the concentration of supply from the Democratic Republic of Congo and China.

The U.S. Department of Defense ("DOD") has advised that it intends to award the Company an immediate need for Defense Production Act ("DPA") Title III with US\$15.0 million of funding through a Not to Exceed Technology Investment Agreement. The DOD award is subject to Jervois successfully completing required documentary steps including agreement to terms and conditions of the award; this process continues.

## JERVOIS MINING USA LIMITED

### Management's Report

Jervois applied for the DOD award monies to accelerate its drilling aimed at increasing the ICO mineral resource and reserve, and for studies to assess construction of a U.S. cobalt refinery; both can proceed despite ICO's suspension.

Jervois views the DOD's intention to issue its award as an indication of the importance to the U.S. Government of securing its cobalt supply chain. Accordingly, the Company continues to engage with the U.S. Department of Energy and EXIM, the official export credit agency of the U.S., on further financing initiatives. Whilst there can be no assurance any additional funding will be received, Jervois believes U.S. Government support in developing a viable domestic cobalt supply chain is important given the energy transition and Jervois' expectation that Western cobalt purchasers will increasingly prefer cobalt from sources with Western ESG credentials, such as ICO.

The Company has safely completed ICO site demobilisation and total workforce, including contractors, have been ramped down to approximately 30 during suspension, which represents a fit-for-purpose workforce to maintain the site in compliance with its regulatory requirements and to execute the envisaged DOD programmes.

ICO continues to be a key part of delivering Jervois' strategy of acquiring and operating geopolitically strategic mining and critical mineral processing assets important to energy transition and the defence industry.

#### Updated mineral reserve and resource estimate and drilling

In-fill and expansion drilling campaigns conducted throughout 2022 returned promising results which the Company has incorporated into an updated Mineral Resource Estimate ("MRE") for the RAM deposit, which was calculated in accordance with standards set forth in both the Australasian JORC Code 2012 ("JORC") and by the Canadian Institute of Mining ("CIM"). This updated JORC/CIM compliant MRE was released in April 2023<sup>1</sup>,

Jervois anticipates it will continue expansion drilling throughout 2023 to further explore the open extents of the RAM deposit, provided documentary steps to formalise the U.S. DOD US\$15.0 million award under the DPA Title III programme can be finalised rapidly.

Principal risk factors affecting the Company include:

- Risks associated with suspension of activities at ICO including in relation to existing infrastructure, buildings, and system deterioration,
- Cobalt prices, and
- Reliance on management.

For additional risks affecting the Company, reference is made to the audited financial statements for the year ended 31 December 2022, which can be found on Jervois' website.

#### 7. Director's declaration

In the opinion of the Director of the Company, the unaudited condensed interim financial statements that are set out pages 3 to 7 give a true and fair view of the Company's financial position as at 31 March 2023 and of its performance for the period ended on that date.

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<sup>1</sup> See ASX announcement "Updated RAM resource – opportunity to extend ICO mine life" dated 19 April 2023 (Australia).

**JERVOIS MINING USA LIMITED**  
**Condensed Statement of Financial Position**  
**As at 31 March 2023 (Unaudited)**

	31 March 2023 US\$'000	31 December 2022 US\$'000
<b>Current assets</b>		
Cash and cash equivalents	5,789	6,128
Funds held in escrow	690	690
Prepayments	651	1,070
Receivables with other group entities	7,497	7,363
Inventories	117	142
Financial assets at fair value through profit or loss	1,627	1,627
<b>Total current assets</b>	<b>16,371</b>	<b>17,020</b>
<b>Non-current assets</b>		
Property, plant, and equipment	259,880	202,822
Intangible assets	84	112
Right-of-use assets	6,804	7,054
<b>Total non-current assets</b>	<b>266,768</b>	<b>209,988</b>
<b>Total assets</b>	<b>283,139</b>	<b>227,008</b>
<b>Current liabilities</b>		
Trade and other payables	43,428	33,014
Employee benefits	606	639
Payables with other group entities	732	462
Borrowings	3,440	6,469
Lease liabilities	1,841	1,939
<b>Total current liabilities</b>	<b>50,047</b>	<b>42,523</b>
<b>Non-current liabilities</b>		
Payables with other group entities	181,100	128,632
Borrowings	96,084	96,084
Lease liabilities	4,786	5,060
Asset retirement obligation	8,299	8,299
<b>Total non-current liabilities</b>	<b>290,269</b>	<b>238,075</b>
<b>Total liabilities</b>	<b>340,316</b>	<b>280,598</b>
<b>Net assets / (liabilities)</b>	<b>(57,177)</b>	<b>(53,590)</b>
<b>Equity</b>		
Share capital	122,708	122,708
Reserves	(16,185)	(16,241)
Accumulated losses	(163,700)	(160,057)
<b>Total equity attributable to equity holders of the Company</b>	<b>(57,177)</b>	<b>(53,590)</b>

The above condensed 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 months ended 31 March 2023 (Unaudited)**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Administrative expenses	(34)	(36)
Communication expenses	(246)	(83)
Employee benefits expenses	(2,527)	(504)
Share-based payments	(56)	(92)
Legal and professional fees	90	(21)
Securities quotation fees	(152)	(14)
Other expenses	(217)	(249)
Depreciation and amortisation	(374)	(74)
Net foreign exchange loss	-	(15)
Interest expense	(127)	(26)
<b>Loss before income tax expense</b>	<b>(3,643)</b>	<b>(1,114)</b>
Income tax expense	-	-
<b>Loss after income tax expense for the year</b>	<b>(3,643)</b>	<b>(1,114)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>(3,643)</b>	<b>(1,114)</b>

The above condensed 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 months ended 31 March 2023 (Unaudited)**

	Share capital US\$'000	Accumulated losses US\$'000	Contributed equity reserve US\$'000	Group re- organisation reserve US\$'000	Total US\$'000
<b>Balance as at 1 January 2023</b>	122,708	(160,057)	368	(16,609)	(53,590)
<b>Loss for the period</b>	-	(3,643)	-	-	(3,643)
<b>Share-based payment contribution</b>	-	-	56	-	56
<b>Balance as at 31 March 2023</b>	122,708	(163,700)	424	(16,609)	(57,177)

	Share capital US\$'000	Accumulated losses US\$'000	Contributed equity reserve US\$'000	Group re- organisation reserve	Total US\$'000
<b>Balance as at 1 January 2022</b>	122,708	(81,505)	-	(24,813)	16,390
<b>Loss for the period</b>	-	(1,114)	-	-	(1,114)
<b>Balance as at 31 March 2022</b>	122,708	(82,619)	-	(24,813)	15,276

The above condensed 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 months ended 31 March 2023 (Unaudited)**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,677)	(986)
Interest paid	(6,250)	(6,250)
<b>Net cash outflow from operating activities</b>	<b>(8,927)</b>	<b>(7,236)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant, and equipment	(41,118)	(19,940)
<b>Net cash outflow from investing activities</b>	<b>(41,118)</b>	<b>(19,940)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from other group entities	50,202	3,823
Transfer from funds held in escrow	-	56,250
Repayment of lease liabilities	(496)	-
<b>Net cash inflow from financing activities</b>	<b>49,706</b>	<b>60,073</b>
<b>Net increase in cash and cash equivalents</b>	<b>(339)</b>	<b>32,897</b>
Cash and cash equivalents at the beginning of the period	6,128	779
<b>Cash and cash equivalents at the end of the period</b>	<b>5,789</b>	<b>33,676</b>

The above condensed 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 months ended 31 March 2023 (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 months ended 31 March 2023 (the “period”). The unaudited condensed interim 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.