

Jervois

Jervois Global Limited

INTERIM CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2022



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JERVOIS GLOBAL 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)
David Issroff (Non-Executive Director)

Company Secretary

Alwyn Davey

Principal Address and Registered Office

Suite 2.03, 1-11 Gordon Street,
Cremorne, Victoria, 3121, Australia

ABN

52 007 626 575

Auditors

Ernst & Young
8 Exhibition Street,
Melbourne, Victoria, 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 Global Limited shares are listed or traded on the:

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Directors' Report

The Directors present their report, together with the financial statements, on the 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 six-month period ended 30 June 2022 (the "period").

1. Directors

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

Name	Role
Bryce Crocker	Chief Executive Officer
Peter Johnston	Non-Executive Chairman
Brian Kennedy	Non-Executive Director
Michael Callahan	Non-Executive Director
David Issroff	Non-Executive Director

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. Review of operations

The total profit after tax of the consolidated entity attributable to the owners of the parent entity for the half-year ended 30 June 2022 was US\$2.9 million (30 June 2021: loss of US\$9.1 million).

During the period, operations have focussed on the ongoing operations at Jervois Finland, construction and underground mining of the Idaho Cobalt Operations ("ICO") in the United States and the completion and publication of the Stage 1 bankable feasibility study ("BFS") at the São Miguel Paulista ("SMP") nickel and cobalt refinery ("SMP Refinery") in São Paulo, Brazil.

The Directors elected to change the Group's presentation currency from Australian dollars ("A\$") to United States dollars ("US\$"). The financial report for the six-month period ended 30 June 2022 is the first financial report with results in US\$. The Directors believe that the change provides investors and other stakeholders with a clearer and more reliable understanding of the Group's global business performance as a whole and is more comparable to the Company's peers, many of which are presented in US\$. The change is accounted for retrospectively and, as such, comparative information has been restated in US\$.

Jervois Finland, Finland

Jervois Finland produces products for a range of markets including chemicals, catalysts and ceramics, powder metallurgy and batteries.

During the period, Jervois Finland produced 2,420 metric tonnes with challenging conditions throughout the period in relation to supplier logistics, including shipping.

The Jervois Finland business achieved revenue during the period of US\$196.3 million, a 60% increase over the corresponding prior period. This revenue was generated via cobalt sales volumes of 2,585 metric tonnes. Jervois Finland's profit before income tax expense and adjusted EBITDA¹ for the period was US\$17.1 million and US\$26.9 million, respectively.

¹ Adjusted EBITDA represents earnings before interest, tax, depreciation, and amortisation ("EBITDA"), adjusted to exclude items which do not reflect the underlying performance of the Group's operations. Exclusions include gains (or losses) on sale of fixed assets, impairment charges (or reversals), certain derivative items, and one-off acquisition and integration costs.

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During the period, the Company announced it would commence a BFS to expand its cobalt refinery capacity at the Kokkola Industrial Park in Finland. The BFS will consider expansion from 6,250 metric tonnes per annum (“mtpa”) to at least 12,250mtpa. Current finished product capacity is 11,000mtpa of contained cobalt, significantly higher than the refining tolling capacity available to Jervois at Umicore’s refinery. An expansion of refining capacity is expected to be available in conjunction with forecast increased cobalt demand in the second half of this decade, largely associated with rising electric vehicle penetration. The expansion advances the Company’s strategy to become a globally significant supplier of speciality chemicals and advanced manufactured cobalt products into battery and other industries. Initial commercial discussions with both final product customers and refinery feed suppliers (including recyclers) are underway. Expansion timing will be determined in conjunction with key customers and will not require any near-term material financial investment for Jervois. Technical partner selection processes in Finland are underway, covering key workstreams such as flowsheet piloting, process engineering and environmental and other permitting.

Idaho Cobalt Operations, United States

Jervois continued to progress construction at ICO near Salmon, Idaho, and is on track to commence commissioning in September 2022 with first ore through the mill in October 2022. Sustainable, full rate ore processing is expected in early 2023.

Jervois is developing the mine at ICO in tandem with infill drilling as part of a 19,000ft campaign to decrease hole spacing and improve confidence in the ore body. The SAG mill, ball mill and crusher are each in place, and work continues with facilities construction and equipment placement.

São Miguel Paulista nickel and cobalt refinery, Brazil

On 15 July 2022, Jervois completed the acquisition from Companhia Brasileira de Alumínio (“CBA”) of 100% of the SMP Refinery in São Paulo, Brazil. SMP Refinery is Latin America’s only electrolytic class 1 nickel and cobalt refinery and operated successfully for over 30 years prior to being placed on care and maintenance by CBA when its vertically integrated mine was also closed due to low metal prices.

Total consideration to be paid for the acquisition is R\$125.0 million in cash. Jervois paid the initial R\$15.0 million payment in late 2020 when the acquisition was publicly announced and a further R\$47.5 million on closing on 15 July 2022 in accordance with the previously announced terms of the purchase agreement. The remaining R\$62.5 million is to be paid on the earlier to occur of commencement of commercial production at SMP Refinery and June 2023, per the purchase agreement (which Jervois expects to be during 2023 based on SMP Refinery’s current restart schedule).

Jervois completed a BFS for the SMP Refinery with initial Stage 1 forecast production of 10,000mtpa and 2,000mtpa of refined nickel and cobalt metal cathode, respectively. The BFS estimated a Net Present Value of US\$228 million pre-tax or US\$141 million post-tax at a 8% discount and an Internal Rate of Return of 47% pre-tax or 35% post-tax, with a total project capital cost of US\$55 million to completely refurbish the existing brownfield nickel and cobalt refinery².

Studies regarding the installation of a Pressure Oxidative Autoclave (“POX”) continue and are expected to be finalised and released during the second half of 2022.

Nico Young nickel-cobalt project, Australia

Jervois envisages heap leaching Nico Young laterite ore to produce an intermediate mixed hydroxide precipitate or refining through to battery grade nickel sulphate and cobalt in refined sulphide.

Jervois approved drilling at Nico Young during the period, aiming to convert inferred resources to the indicated category and advanced planning activities for this including land access, stakeholder engagement and engaging with drilling contractors.

Environmental, Social, Governance and Compliance (“ESG”)

Sustainability overview

Building upon the foundation laid by the inaugural 2021 Sustainability Report, Jervois continued to make progress throughout the period in translating our sustainability commitments into action. Guided by our core values and principles and underpinned by our firm belief that our ESG performance is intrinsically linked with our financial success, main areas of focus related to

² See ASX announcement “BFS for São Miguel Paulista refinery restart”, dated 29 April 2022.

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paramount prioritisation of safe, inclusive working conditions, continued excellence in environmental stewardship and ensuring ethical conduct and responsible practices.

Selected highlights are shared below.

Governance

Progressive integration of ESG matters within the roles and functions of our Board, senior management team through to operations continues to be a high priority. Bi-monthly ESG and Compliance Committee meetings, co-chaired by our CEO and Group Manager, ESG and comprised of key members of our senior management team, continued to review our ESG performance and provide direction for effective management of emerging and prevailing ESG opportunities and risks. Strong Board oversight of ESG matters also bolstered our performance and, among important metrics, ESG matters were included on the agenda of 100% of Board meetings in the period.

In conjunction with previously reported expansion of our suite of [corporate codes, policies, and standards](#) to further guide our Group's response to ESG, efforts to support responsible supply chains continued. Building upon Jervois Finland's robust due diligence procedures, including those as required to maintain conformance with Jervois Finland's Responsible Minerals Initiative ("RMI") Conformant Downstream Facility status under the *OECD Due Diligence Guidance for Responsible Mineral Supply Chains*, efforts continue to support identification and disclosure of our related risks and response to avoid the use of conflict minerals, which directly or indirectly finance, or benefit armed groups and/or involve other serious human right abuses in conflict-affected and high-risk areas. Related audits and site assessments of selected suppliers are planned in the next half of 2022.

Jervois believes that engagement in the global community is essential to our continuous improvement. During the period, this included participation at the Cobalt Institute Annual Cobalt Conference in Zurich, Switzerland, including within a 1.5 day training course aimed to enhance capacity to meet requirements of EU legislation concerning human rights and environmental justice expectations of companies working within or with supply chain links to EU-based companies. Jervois officially joined the United States' Critical Materials Initiative, which aims to build understanding of advances in greener technology via cutting edge research, and the National Mining Association. In June 2022, Jervois was invited to participate at the SelectUSA Investment Summit in Washington, DC., which drew over 3,600 participants from more than 70 countries. Dr. Jennifer Hinton, Jervois' Group Manager, ESG presented on a panel moderated by Ms. Alejandra Castillo, Assistant Secretary of Commerce for Economic Development. Other panellists were Ms. Hilde Merete Aasheim, CEO and President of Norsk Hydro ASA and Mr. Swami Iyer, CFO of Aurobindo Pharma USA.

Health and safety

Work safely – all the time. This core principle is at the forefront of all Jervois activities. During the period, we maintained zero fatalities at all operations and a Lost Time Injury Frequency Rate ("LTIFR") and Total Reportable Incident Rate ("TRIR") of 0.93 and 1.05 at Jervois Finland and ICO, respectively. Given the status of mine construction in Idaho, intensive measures were undertaken to put safety at the forefront, including through a concentrated focus on safety during contractor onboarding and direct, regular interactions and oversight by Jervois leadership and construction management.

Environment

Jervois continued to prioritise decarbonization, the circular economy and climate change resilience throughout 2022. Jervois Finland recently adopted a range of measures to continually increase energy efficiency and has laid the groundwork to develop firm targets for carbon emission reductions. Alongside this, tangible progress has been made in cobalt recycling through research and development and between 10-15% of cobalt chemical production at Jervois Finland is now attributed to recycled material. All three operations, Jervois Finland, ICO and SMP, are committed to pursuing agreements with energy suppliers to source renewable energy and reduce Scope 2 emissions.

Biodiversity and conservation efforts include an innovative partnership with the Idaho Conservation League that established the Upper Salmon Conservation Action Program ("USCAP") in March 2021. USCAP aims to protect and restore fish, water quality, wildlife habitat, and biodiversity within the Upper Salmon River basin, where Jervois' ICO is located. Jervois has committed US\$0.15 million per year to the program throughout ICO's operational life. Jervois was pleased to announce the award of US\$0.15 million in total to three restoration projects as part of the second year of funding under the USCAP.

Following a successful inaugural round in 2021, this year's recipients include a contribution of US\$75,000 to the Idaho Department of Fish and Game towards a larger project in collaboration with the Salmon-Challis National Forest. The project aims to remove two problematic culverts blocking fish access to an important tributary of the Salmon River, which will allow

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endangered fish species back into a 10-mile section of prime river habitat. USCAP awarded US\$60,000 to White Clouds Preserve to expand ongoing riparian restoration work along the East Fork of the Salmon River, an important habitat for ESA-listed Chinook salmon, steelhead, and bull trout. Western Rivers Conservancy will also receive US\$15,000 from USCAP to assist with the acquisition of a key parcel of land along Panther Creek, a major tributary of the Salmon River.

Among other highlights, robust environmental monitoring systems and procedures are in place in all Jervois operations. Zero significant water, waste, tailings, and air quality related incidents occurred during the period.

People

At the direction of Jervois' Board and CEO, deliberate efforts in 2022 have included formation of a Diversity and Inclusion Working Group. Comprised of members of executive and senior management level, the Working Group has embarked on efforts to develop a roadmap of strategies and actions as needed to support an inclusive culture and diverse workplaces. In addition to aligning with Jervois' core values and principles, resulting strategies aim to also bring out the best within the workforce, create a pipeline for promotion from within and conditions to attract talent from outside while more broadly yielding enhanced productivity, innovation, decision-making, motivation, and other expected benefits.

Fostering strong, positive relationships with communities, governments, and the environment in jurisdictions where we operate is one of our highest priorities. At Jervois Finland and ICO, community investments responded to local priorities and ranged from education and scholarships programs to support to low-income, vulnerable families to recreational activities for children, among many others. At SMP, community engagement is coming to the forefront and engagement has increased significantly in recent months as the acquisition moves towards a close. Substantial progress was made at ICO in advancing the Community Benefits Agreement process initiated in 2021, with much of the initial consultative phase near completion and a formalized, community-driven approach on the horizon. Efforts to engage the Shoshone-Bannock and Nez Perce tribes continue to be a priority.

Given Jervois' increased emphasis on human rights, as exemplified by our new Human Rights Policy and release of our first Modern Slavery Statement, efforts continue to be underway to expand our human rights and environmental due diligence in our business and supply chains and further strengthen or whistleblower and grievance mechanisms. During the period, we received 0 human rights-related complaints through our whistleblower and grievance mechanisms and had zero significant disputes related to our workforce, local communities, or indigenous peoples.

In addition to our workforce and host communities, Jervois believes that the humanitarian crises in Ukraine calls for unprecedented support from the global community. UNICEF, UNHCR, the Red Cross and a range of other international organisations have mobilised, however unexploded bombs, land mines and other explosives litter the country and impede delivery of aid, evacuation of civilians and where Russian forces have retreated, safe return of Ukrainians to their homes.

In 2022, following Russia's invasion of Ukraine, Jervois commenced a dollar-for-dollar matching funds programme with its employees to support United Kingdom charity The HALO Trust ("HALO"; www.halotrust.org). HALO is internationally respected and renowned as the oldest and largest humanitarian landmine clearance organization in the world and has been entrenched in Eastern Ukraine since 2016. HALO's 400+ personnel based in Ukraine are trained paramedics, many of whom have been providing medical treatment, supporting evacuations, and providing emergency assistance under dangerous conditions. HALO has a central role in enabling safe delivery of humanitarian aid and passage of aid workers, evacuees, and returnees by assessing explosives risks and clearing munitions along transport corridors and among affected communities.

Jervois and its matched employees' donations are ringfenced to Ukraine, with US\$0.1 million made during the period.

Further details of the operations of the Group can be found in the Quarterly Activities Reports released to the ASX and available on the Company's website at www.jervoisglobal.com.

4. Dividends paid or recommended

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

5. Significant changes in the state of affairs

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

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6. Events subsequent to reporting date

On 15 July 2022, the Company's wholly owned subsidiary, Jervois Brasil Participacoes Ltda, closed the acquisition of SMP Refinery from Companhia Brasileira de Alumínio. Payment terms for the acquisition are outlined earlier in this report. The transaction is expected to be treated as an asset acquisition and accounted for under AASB 116 – Property, Plant and Equipment.

Upon satisfaction of the pre-disbursement conditions precedent, on 20 July 2022, the Company's wholly owned subsidiary, Jervois Mining USA Limited, completed the second US\$50.0 million drawdown of the US\$100.0 million senior secured bond facility, with these funds to be used exclusively for ongoing construction of ICO.

The Directors of the Company have not identified any other 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.

7. 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.

Dated at Melbourne this 23rd day of August 2022.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001:



Peter Johnston
Chairman



**Building a better
working world**

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Auditor's independence declaration to the directors of Jervois Global Limited

As lead auditor for the review of the interim financial report of Jervois Global Limited for the half-year ended 30 June 2022, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Jervois Global Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'M.A. Honey', with a stylized flourish at the end.

Matthew A. Honey
Partner
23 August 2022

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
As at 30 June 2022

	Note	30 June 2022 US\$'000	31 December 2021 US\$'000
Current assets			
Cash and cash equivalents	8	57,560	49,181
Funds held in escrow	18	57,250	113,500
Trade and other receivables	9	49,131	37,428
Prepayments		3,356	3,692
Term deposits		80	84
Inventories	10	177,572	109,295
Financial assets at fair value through profit or loss	21	1,681	1,834
Total current assets		346,630	315,014
Non-current assets			
Security deposits		14	114
Exploration and evaluation	11	4,715	4,933
Property, plant, and equipment	12	186,662	128,406
Intangible assets and goodwill	13	100,423	103,100
Reclamation deposits	14	1,755	1,923
Right-of-use asset		23,699	22,289
Deferred tax assets		3,910	2,185
Others		426	494
Total non-current assets		321,604	263,444
Total assets		668,234	578,458
Current liabilities			
Trade and other payables	15	70,477	31,671
Employee benefits	16	5,035	4,235
Borrowings	18	54,137	101,933
Lease liability		8,641	7,811
Income tax payable		4,111	3,596
Total current liabilities		142,401	149,246
Non-current liabilities			
Deferred tax liabilities		17,058	17,431
Employee benefits	16	241	261
Borrowings	18	148,042	57,500
Asset retirement obligation	17	8,315	7,746
Lease liability		12,898	11,446
Contingent consideration	21	38,000	38,000
Other non-current liabilities		-	56
Total non-current liabilities		224,554	132,440
Total liabilities		366,955	281,686
Net assets		301,279	296,772
Equity			
Share capital	19	376,399	375,910
Reserves		15,133	13,969
Accumulated losses		(90,253)	(93,107)
Total equity attributable to equity holders of the Company		301,279	296,772

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2022

	Note	30 June 2022 US\$'000	30 June 2021 US\$'000
Revenue	4	196,319	-
Cost of goods sold		(168,070)	-
Gross profit		28,249	-
Other income		26	114
Other loss	4	(153)	-
General and administrative expenses	5	(7,236)	(2,010)
Employee benefits expenses		(3,366)	(1,781)
Share-based payments	20	(1,846)	(1,452)
Business development costs		(2,625)	(2,426)
Depreciation and amortisation		(6,072)	(515)
Impairment of exploration assets		-	(5)
Gain/(loss) on sale of fixed assets		1,481	(12)
Operating profit/(loss)		8,458	(8,087)
Interest income		3	-
Interest expense		(3,064)	(981)
Net financing costs		(3,061)	(981)
Profit/(loss) before income tax expense		5,397	(9,068)
Income tax expense	6	(2,543)	-
Profit/(loss) for the period		2,854	(9,068)
Profit/(loss) after income tax expense for the period attributable to the owners of Jervois Global Limited		2,854	(9,068)
Other comprehensive income/(loss):			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange loss arising on translation of foreign operations		(142)	(1,244)
Total other comprehensive income/(loss)		(142)	(1,244)
Total comprehensive income/(loss) for the period attributable to the owners of Jervois Global Limited		2,712	(10,312)
Earnings/(loss) per share for the period attributable to the owners of Jervois Global Limited			
Basic earnings/(loss) per share (US\$ cents)	7	0.19	(1.13)
Diluted earnings/(loss) per share (US\$ cents)	7	0.18	(1.13)
<i>Weighted average ordinary shares outstanding:</i>			
Basic (number of shares)		1,519,537	801,229
Diluted (number of shares)		1,574,442	801,229

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

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Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2022

	Issued capital US\$'000	Share capital reserve US\$'000	Share-based payment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2022	375,910	1,568	12,056	345	(93,107)	296,772
Total comprehensive income						
Profit for the period	-	-	-	-	2,854	2,854
<i>Other comprehensive income</i>						
Foreign currency translation differences for foreign operations	-	-	-	(142)	-	(142)
Total comprehensive income for the period	-	-	-	(142)	2,854	2,712
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	-	-	-	-	-	-
Costs of raising equity	-	-	-	-	-	-
Value of options issued	489	-	(540)	-	-	(51)
Share-based payment transactions exercised	-	-	1,846	-	-	1,846
Balance as at 30 June 2022	376,399	1,568	13,362	203	(90,253)	301,279

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 half-year ended 30 June 2022

	Issued capital US\$'000	Share capital reserve US\$'000	Share-based payment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2021	151,068	1,568	10,092	1,991	(71,234)	93,485
Total comprehensive income						
Loss for the period	-	-	-	-	(9,068)	(9,068)
<i>Other comprehensive income</i>						
Foreign currency translation differences for foreign operations	-	-	-	(1,244)	-	(1,244)
Total comprehensive income for the period	-	-	-	(1,244)	(9,068)	(10,312)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	1,959	-	-	-	-	1,959
Costs of raising equity	-	-	-	-	-	-
Value of options issued	-	-	1,452	-	-	1,452
Share-based payment transactions exercised	189	-	(64)	-	-	125
Balance as at 30 June 2021	153,216	1,568	11,480	747	(80,302)	86,709

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

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Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2022

	Note	30 June 2022 US\$'000	30 June 2021 US\$'000
Cash flows from operating activities			
Receipts from customers		194,107	-
Sundry income		26	3
Payments to suppliers and employees		(220,128)	(2,713)
Business development costs		(2,594)	(1,624)
Interest paid		(8,628)	(1)
Income taxes paid		(4,126)	-
Net cash outflow from operating activities		(41,343)	(4,335)
Cash flows from investing activities			
Interest received		6	-
Payments for property, plant, and equipment		(49,056)	(3,759)
Payments for exploration and evaluation		(51)	(41)
Proceeds from sale of fixed assets		1,230	23
R&D tax offset received for exploration assets		-	37
Net cash outflow from investing activities		(47,871)	(3,740)
Cash flows from financing activities			
Proceeds from issue of shares		221	2,148
Share issue transaction costs		(846)	-
Transfer from funds held in escrow		56,250	-
Proceeds from borrowings		42,500	-
Repayment of lease liability		(219)	(1,114)
Net cash inflow from financing activities		97,906	1,034
Net decrease in cash and cash equivalents		8,692	(7,041)
Cash and cash equivalents at the beginning of the period		49,181	32,604
Effects of exchange rate changes on cash and cash equivalents		(313)	(593)
Cash and cash equivalents at the end of the period	8	57,560	24,970

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

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Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2022

1. Corporate information

The interim condensed consolidated 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 six-month period ended 30 June 2022 (the “period”). The financial statements are presented in United States dollars and the Company’s functional currency is Australian dollars. Refer to note 3 for further details.

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

Suite 2.03
1-11 Gordon Street
Cremorne, Victoria, 3121, Australia

The financial statements were authorised for issue on 23 August 2022, in accordance with a resolution of Directors.

2. Basis of preparation

(a) Statement of compliance

This interim condensed consolidated financial report for the six-month period ended 30 June 2022 has been prepared in accordance with AASB 134 – Interim Financial Reporting and the Corporations Act 2001. This financial report also complies 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 year ended 31 December 2021. 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.

(b) Basis of measurement

The interim condensed 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 period disclosures.

(c) Going concern basis of accounting

The interim condensed 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.

For the six-month period ended 30 June 2022, the Group recorded a net profit of US\$2.9 million (six-month period ended 30 June 2021: net loss of US\$9.1 million) and had net assets of US\$301.3 million (31 December 2021: US\$296.8 million). The net profit for the period includes non-cash share-based payments expense of US\$1.8 million (six-month period ended 30 June 2021: US\$1.5 million).

During the six-month period ended 30 June 2022, net cash outflow from operating activities was US\$41.3 million (six-month period ended 30 June 2021: outflow of US\$4.3 million), net cash outflow from investing activities was US\$47.9 million (six-month period ended 30 June 2021: outflow of US\$3.7 million) and net cash inflow from financing activities was US\$97.9 million (six-month period ended 30 June 2021: inflow of US\$1.0 million).

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

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For the half-year ended 30 June 2022

As at 30 June 2022, the Group had cash and cash equivalents of US\$57.6 million (31 December 2021: US\$49.2 million). As at 30 June 2022, the Group had total current assets of US\$346.6 million (31 December 2021: US\$315.0 million) and total current liabilities of US\$142.4 million (31 December 2021: US\$149.2 million), resulting in net current assets of US\$204.2 million (31 December 2021: US\$165.8 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 borrowings to pursue its strategic business plans and objectives and enhance the Group's liquidity and balance sheet strength.
- In February 2022 and July 2022 (see note 25), respectively, the Company's wholly owned subsidiary, Jervois Mining USA Limited, completed the first US\$50.0 million drawdown and the second US\$50.0 million drawdown of the US\$100.0 million senior secured bond facility, with these funds to be used exclusively for ongoing construction of ICO.
- The Company's wholly owned subsidiary, Jervois Suomi Holding Oy, and its subsidiaries (together referred to as "Jervois Finland"), continues to generate profits and positive cash flows and is forecast to continue to do so for the twelve-month period from the date of signing the 30 June 2022 interim condensed consolidated financial report.
- Management and the Directors have reviewed the Group's consolidated cashflow requirements for the twelve-month period from the date of signing the 30 June 2022 interim condensed consolidated financial report and the forecast shows that the current cash, working capital and liquidity on hand will be sufficient to meet the Group's operating activities and the corporate, divisional, and working capital requirements of the Group during this period.

At the date of this report, the Directors are of the opinion that the consolidated entity will be able to continue as a going concern and will be able to pay its debts as and when they fall due.

(d) Critical accounting judgements estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the 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.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimates were the same as those applied to the annual consolidated financial statements for the twelve-month period ended 31 December 2021.

Management has evaluated the effect of the invasion of Ukraine by the Russian Federation on the significant judgements and estimates of the Group during the period and has determined there to be no change to those significant judgements and estimates applied to the annual consolidated financial statements for the twelve-month period ended 31 December 2021.

(e) 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 that are mandatory for the current reporting period and the impact is not material.

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3. Summary of significant accounting policies

Change in presentation currency

The Directors elected to change the Group's presentation currency from Australian dollars ("A\$") to United States dollars ("US\$"). The financial report for the six-month period ended 30 June 2022 is the first financial report with results in US\$. The Directors believe that the change provides investors and other stakeholders with a clearer and more reliable understanding of the Group's global business performance as a whole and is more comparable to the Company's peers, many of which are presented in US\$. The change is accounted for retrospectively and, as such, comparative information has been restated in US\$.

The financial report has been restated to US\$ using the procedures below:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average rate prevailing for the relevant period
Assets and liabilities	Period-end rate
Equity	Historical rate
Statement of cash flows	Average rate prevailing for the relevant period

The average rate used for the current period ended was A\$/US\$ 1: 0.7193 (2021: 1: 0.7709) and the period-end exchange rate used was A\$/US\$ 1: 0.6891 (2021: 1: 0.7256).

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with period-end amounts and other disclosures.

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 2021 annual financial report. The Group's operating segments are outlined below:

<i>Australia</i>	Includes Nico Young and other Australian tenement licenses held.
<i>Brazil</i>	Includes the São Miguel Paulista ("SMP") nickel and cobalt refinery ("SMP Refinery") in São Paulo, Brazil.
<i>Finland</i>	Includes the cobalt refining and specialty products business located in Kokkola, Finland.
<i>United States of America</i>	Includes the Idaho Cobalt Operations ("ICO") cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho.
<i>Other</i>	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.

The Chief Operating Decision Maker 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:

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6 months ended 30 June 2022	Australia US\$'000	Brazil US\$'000	Finland US\$'000	USA US\$'000	Other US\$'000	Total US\$'000
<i>Revenue from external customers</i>						
Type of goods or services:						
Sales of cobalt	-	-	196,319	-	-	196,319
Total revenue from contracts with customers	-	-	196,319	-	-	196,319
Timing of revenue recognition:						
At a point in time	-	-	196,319	-	-	196,319
Over time	-	-	-	-	-	-
Total revenue from contracts with customers	-	-	196,319	-	-	196,319
Other income	-	-	21	-	5	26
Segment expense	(17)	(2,607)	(169,486)	(2,509)	(6,455)	(181,074)
Adjusted EBITDA ⁽ⁱ⁾	(17)	(2,607)	26,854	(2,509)	(6,450)	15,271
Integration costs	-	-	(1,186)	-	-	(1,186)
Other loss ⁽ⁱⁱ⁾	-	-	-	(153)	-	(153)
Profit on sale of fixed assets	-	-	-	1,481	-	1,481
Depreciation and amortisation	(4)	(327)	(5,505)	(202)	(34)	(6,072)
Interest income	-	-	1	-	2	3
Interest expense	(7)	(900)	(2,151)	(6)	-	(3,064)
Net foreign exchange loss	-	33	(938)	(11)	33	(883)
(Loss)/profit before income tax expense (segment result)	(28)	(3,801)	17,075	(1,400)	(6,449)	5,397
Segment assets	5,412	22,141	418,993	214,161	7,527	668,234
Segment liabilities	(224)	(19,824)	(225,018)	(120,076)	(1,813)	(366,955)

(i) Adjusted EBITDA represents earnings before interest, tax, depreciation, and amortisation (“EBITDA”), adjusted to exclude items which do not reflect the underlying performance of the Group’s operations. Exclusions include gains (or losses) on sale of fixed assets, impairment charges (or reversals), certain derivative items, and one-off acquisition and integration costs.

(ii) Net fair value loss on financial assets at fair value through profit or loss (see note 18).

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For the half-year ended 30 June 2022

6 months ended 30 June 2021	Australia US\$'000	Brazil US\$'000	USA US\$'000	Other US\$'000	Total US\$'000
Other income	-	-	80	34	114
Segment expense	(76)	(1,190)	(614)	(6,041)	(7,921)
Depreciation and amortisation	-	(410)	(98)	(7)	(515)
Interest income	-	-	-	-	-
Interest expense	-	(981)	-	-	(981)
Net foreign exchange gain	-	-	4	231	235
Loss before income tax expense (segment result)	(76)	(2,581)	(628)	(5,783)	(9,068)
Segment assets	6,128	24,536	64,816	25,225	120,705
Segment liabilities	-	(21,581)	(10,650)	(1,824)	(34,055)

Geographical information

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

	6 months ended 30 June 2022	30 June 2022 Non-current assets US\$'000	6 months ended 30 June 2021	30 June 2021 Non-current assets US\$'000
Australia	-	5,237	-	6,214
Brazil	-	23,707	-	24,356
Finland	196,340	142,947	-	-
United States of America	-	149,713	80	63,414
Other	5	-	34	1,344
Total	196,345	321,604	114	95,328

5. General and administrative expenses

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Sales and marketing costs	(2,495)	-
Professional fees	(1,172)	(562)
Communication costs	(589)	(19)
Insurance premiums	(294)	(12)
Net foreign exchange (loss)/gain	(883)	235
Other general and administrative expenses	(1,803)	(1,652)
Total	(7,236)	(2,010)

6. Income tax expense

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Income taxes		
Current tax expense	(4,624)	-
Deferred tax benefit	2,081	-
Total	(2,543)	-

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7. Earnings/(loss) per share

	6 months ended 30 June 2022 US\$ (cents)	6 months ended 30 June 2021 US\$ (cents)
Earnings/(loss) per share		
Basic earnings/(loss) per share - cents	0.19	(1.13)
Diluted earnings/(loss) per share - cents	0.18	(1.13)

Basic earnings/(loss) and diluted earnings/(loss) per share

The calculation of basic earnings/(loss) per share and diluted earnings/(loss) per share for the six-month period 30 June 2022 was based on the profit attributable to ordinary equity holders of the Company of US\$2.9 million (six-month period ended 30 June 2021: loss of US\$9.1 million) and a weighted average number of ordinary shares outstanding during the six-month period ended 30 June 2022 of 1,519,536,908 (six-month period ended 30 June 2021: 801,229,016) and 1,574,441,960 (six-month period ended 30 June 2021: 801,229,016) for basic earnings/(loss) per share and diluted earnings/(loss) per share, respectively.

Employee options and other options granted as described in note 19 – Share capital have been included in the determination of diluted earnings per share to the extent they are dilutive.

8. Cash and cash equivalents

	30 June 2022 US\$'000	31 December 2021 US\$'000
Bank balances	57,560	49,181
Total cash and cash equivalents	57,560	49,181

9. Trade and other receivables

	30 June 2022 US\$'000	31 December 2021 US\$'000
Other receivables	28	29
GST receivable	12,786	3,293
Trade receivables	36,486	34,247
Allowance for expected credit losses	(169)	(141)
Trade receivables, net	36,317	34,106
Total trade and other receivables	49,131	37,428

10. Inventories

	30 June 2022 US\$'000	31 December 2021 US\$'000
Raw materials	74,207	17,074
Work in progress	7,323	1,439
Finished goods	88,563	84,011
Stores and consumables	7,479	6,771
Total inventories⁽ⁱ⁾	177,572	109,295

(i) Inventories are valued at the lower of weighted-average cost and net realisable value. At 30 June 2022, no inventories were held at net realisable value.

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11. Exploration and evaluation

	30 June 2022	31 December 2021
	US\$'000	US\$'000
Opening balance	4,933	5,523
Expenditure incurred and capitalised	51	129
Foreign currency translation	(269)	(354)
Impairment ⁽ⁱ⁾	-	(318)
R&D tax offset recognised	-	(47)
Total exploration and evaluation	4,715	4,933

(i) Minor, non-core exploration and evaluation assets were impaired during the twelve-month period ended 31 December 2021.

12. Property, plant, and equipment

	Property, plant & equipment	Office equipment, furniture & fittings	Motor vehicles	Assets under construction	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
30 June 2022					
<i>Cost</i>					
As at 1 January 2022	38,317	303	605	91,586	130,811
Additions for the period	271	35	203	60,574	61,083
Disposals for the period	(46)	-	-	-	(46)
Transfer	549	-	-	(549)	-
Asset write-down	-	-	-	(1)	(1)
Foreign currency translation	(26)	(2)	-	(39)	(67)
As at 30 June 2022	39,065	336	808	151,571	191,780
<i>Depreciation and impairment</i>					
As at 1 January 2022	(2,062)	(195)	(148)	-	(2,405)
Depreciation charge for the period	(2,635)	(28)	(77)	-	(2,740)
Disposals for the period	26	-	-	-	26
Asset write-down	-	-	-	-	-
Foreign currency translation	1	-	-	-	1
As at 30 June 2022	(4,670)	(223)	(225)	-	(5,118)
Net book value:					
As at 30 June 2022	34,395	113	583	151,571	186,662

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	Property, plant & equipment	Office equipment, furniture & fittings	Motor vehicles	Assets under construction	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2021					
<i>Cost</i>					
As at 1 January 2021	1,484	186	172	55,396	57,238
Additions through acquisition	36,296	83	-	971	37,350
Additions for the period	104	7	423	37,271	37,805
Transfer	392	-	-	(596)	(204)
Disposals for the period	(34)	-	(40)	-	(74)
Asset write-down	(332)	(27)	-	(1,456)	(1,815)
Foreign currency translation	407	54	50	-	511
As at 31 December 2021	38,317	303	605	91,586	130,811
<i>Depreciation and impairment</i>					
As at 1 January 2021	(386)	(124)	(97)	-	(607)
Depreciation charge for the period	(1,516)	(26)	(48)	-	(1,590)
Disposals for the period	-	-	40	-	40
Asset write-down	6	23	-	-	29
Foreign currency translation	(166)	(68)	(43)	-	(277)
As at 31 December 2021	(2,062)	(195)	(148)	-	(2,405)
Net book value:					
As at 31 December 2021	36,255	108	457	91,586	128,406

13. Intangible assets and goodwill

	Goodwill ⁽ⁱ⁾	Software	Commercial contracts	Total
	US\$'000	US\$'000	US\$'000	US\$'000
30 June 2022				
<i>Cost</i>				
As at 1 January 2022	37,909	663	66,465	105,037
Additions for the period	-	-	-	-
Transfer	-	-	-	-
As at 30 June 2022	37,909	663	66,465	105,037
<i>Amortisation and impairment</i>				
As at 1 January 2022	-	(248)	(1,690)	(1,938)
Amortisation charge for the period	-	(79)	(2,597)	(2,676)
As at 30 June 2022	-	(327)	(4,287)	(4,614)
Net book value:				
As at 30 June 2022	37,909	336	62,178	100,423

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	Goodwill ⁽ⁱ⁾	Software	Commercial contracts	Total
	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2021				
<i>Cost</i>				
As at 1 January 2021	-	457	-	457
Additions through acquisition	37,909	2	66,465	104,376
Additions for the period	-	-	-	-
Transfer	-	204	-	204
As at 31 December 2021	37,909	663	66,465	105,037
<i>Amortisation and impairment</i>				
As at 1 January 2021	-	(134)	-	(134)
Amortisation charge for the period	-	(113)	(1,690)	(1,803)
As at 31 December 2021	-	(247)	(1,690)	(1,937)
Net book value:				
As at 31 December 2021	37,909	416	64,775	103,100

- (i) Goodwill acquired through a business combination is allocated to the cash-generating unit (“CGU”) or groups of CGUs that are expected to benefit from the related business combination and tested for impairment at the lowest level within the Group at which goodwill is monitored for internal management purposes. All goodwill intangible assets that have an indefinite life are tested annually for impairment, regardless of whether there has been an impairment trigger, or more frequently if events or changes in circumstances indicate a potential impairment. Management considers the smallest group of assets that independently generates cash flows, and whose cash flows is largely independent of the cash flows generated by other assets, to be the Jervois Finland business and thus the goodwill intangible asset is allocated to this CGU. A detailed estimate was determined of the recoverable amount of Jervois Finland as at 31 December 2021 using a Value-in-Use (“VIU”) methodology and it was concluded that no impairment was required. The VIU is estimated based on discounted cash flows using market-based commodity price and exchange rate assumptions, estimated production volumes and operating costs based on current operating plans. The recoverable amount is most sensitive to movements in cobalt pricing.

14. Reclamation deposits

	30 June 2022	31 December 2021
	US\$'000	US\$'000
Reclamation Performance Bond requirement	8,800	8,800
Insured	8,800	8,800
In Trust: U.S. Treasury Securities	1,755	1,923
Total reclamation deposits	1,755	1,923

The U.S. Forest Service (“USFS”) requires Jervois to place a Reclamation Performance Bond, which functions as a financial guarantee, in the amount of US\$8.8 million (31 December 2021: US\$8.8 million) in relation to surface disturbances.

The underlying asset securing this bond is the US\$1.8 million (31 December 2021: US\$1.9 million) reclamation deposit on the statement of financial position as at 30 June 2022. The Reclamation Performance Bond will be released upon meeting the reclamation requirements. Underground development requires posting of financial assurances for long-term water treatment post-closure. Jervois is currently engaging with the USFS on the applicable financial assurance requirements. In accordance with the Group’s accounting policies, a provision has not been recognised as at 30 June 2022, as no disturbance has occurred which requires post-closure water treatment.

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15. Trade and other payables

	30 June 2022	31 December 2021
	US\$'000	US\$'000
Trade payables	56,368	22,674
Other payables	2,499	2,635
Accruals ⁽ⁱ⁾	10,677	5,980
Deferred revenue	-	250
Tax payable (VAT/GST/Fuel Tax)	933	132
Total trade and other payables	70,477	31,671

(i) Accruals consist primarily of items relating to the development of ICO.

16. Employee benefits

	30 June 2022	31 December 2021
	US\$'000	US\$'000
Annual leave provision	2,718	2,429
Long service leave provision	206	220
Other employee entitlements	2,352	1,847
Total employee benefits	5,276	4,496
Current	5,035	4,235
Non-current	241	261
Total employee benefits	5,276	4,496

17. Asset retirement obligation

	30 June 2022	31 December 2021
	US\$'000	US\$'000
Opening reclamation and closure cost balance	7,746	7,562
Movements in economic assumptions and timing of cash flows	569	184
Closing reclamation and closure cost balance	8,315	7,746

The Group's provision for site reclamation and closure relates to 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 30 June 2022 were US\$8.3 million. The discount used to determine the present value of the obligation was nil, based on a US Treasury Bond rate of 2.95% and a prima facie inflation rate which exceeded the US Treasury Bond rate 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.

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18. Borrowings

	Interest rate	Maturity date	Principal US\$'000	30 June 2022 Carrying amount US\$'000	31 December 2021 Carrying amount US\$'000
Senior secured bonds ⁽ⁱ⁾	12.5%	20-Jul-26	100,000	102,179	101,933
Secured revolving credit facility ⁽ⁱⁱ⁾	LIBOR+5%	31-Dec-24	150,000	100,000	57,500
Total borrowings				202,179	159,433

- (i) On 20 July 2021 (the "Issue Date"), the Company completed settlement of a US\$100.0 million senior secured bond (the "Bonds"). The Bonds were issued by the Company's wholly owned subsidiary, Jervois Mining USA Limited (the "Issuer"), 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 Bonds 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 (the "Bond Terms"). On 7 February 2022, following the satisfaction of certain pre-disbursement conditions precedent, the Issuer completed the first US\$50.0 million drawdown from the escrow account. In addition, US\$6.25 million was drawn down from the debt service account in January 2022 to facilitate the first bi-annual interest payment. The balances in the escrow account and debt service account have been classified as "funds held in escrow" in the statement of financial position, being US\$57.25 million as at 30 June 2022 (31 December 2021: US\$113.5 million).

Drawn 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 undrawn proceeds of the Bonds remain classified as a current liability in the statement of financial position until satisfaction of the pre-disbursement conditions precedent results in the second drawdown from the escrow account.

The Bond Terms contain an option for the Issuer to call the Bonds from year three (defined in the Bond Terms as the "First Call Date") until maturity. The Issuer may redeem all or some of the outstanding Bonds on any business day from and including: (i) the Issue Date to, but not including, the First Call Date at a price equal to the "Make Whole Amount" (see below); (ii) the First Call Date to, but not including, the interest payment date in January 2025 at a price equal to 107.81% of the nominal amount for each redeemed Bond; (iii) the interest payment date in January 2025 to, but not including, the interest payment date in July 2025 at a price equal to 104.69% of the nominal amount for each redeemed Bond; (iv) the interest payment date in July 2025 to, but not including, the interest payment date in January 2026 at a price equal to 101.56% of the nominal amount for each redeemed Bond; and (v) the interest payment date in January 2026 to, but not including, the maturity date at a price equal to 100% of the nominal amount for each redeemed Bond.

In addition, the Issuer has the option of calling the Bonds between the Issue Date and the First Call Date for an amount defined in the Bond Terms as the "Make Whole Amount". The Make Whole Amount means an amount equal to the sum of the present value on the call option repayment date of: (a) 107.81% of the nominal amount of the redeemed Bonds as if such payment originally had taken place on the First Call Date; and (b) the remaining interest payments of the redeemed Bonds, less any accrued and unpaid interest on the redeemed Bonds as at the call option repayment date, to the First Call Date, where the present value shall be calculated by using a discount rate of 0.97%.

This call option gives rise to an embedded derivative, which has been separately valued from the Bonds as the call option was not considered "closely related" to the host instrument. This resulted in the recognition of a separate asset in the statement of financial position as at 30 June 2022, classified as "financial assets at fair value through profit or loss".

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- (ii) On 28 October 2021, the Company's wholly owned subsidiaries, Jervois Suomi Holding Oy and Jervois Finland Oy (together, the "Borrowers"), entered into a secured revolving credit facility (the "Facility") with Mercuria Energy Trading SA ("Mercuria"), a wholly owned subsidiary of Mercuria Energy Group Limited. The Facility with Mercuria was for an initial maximum amount of US\$75.0 million with a Facility end date of 31 December 2024. On 3 June 2022, the Borrowers increased the Facility's maximum amount from US\$75.0 million to US\$150.0 million through the execution of the Accordion Increase, as contemplated in the Facility agreement effective 28 October 2021.

The Borrowers can draw to the lower of the maximum amount or 80% of the collateral value (referred to as the "Maximum Available Amount"), where collateral is defined as the value of the Borrowers' inventory and receivables, calculated monthly (reduced to 70% for eligible inventory in Finland exceeding US\$75.0 million) and subject to eligibility requirements and associated terms of the agreement. Where the amounts drawn exceed 110% of the Maximum Available Amount (the "Shortfall"), the Borrowers are required to prepay or repay any amount of the Facility to ensure that, following such payment, the Shortfall no longer exists. At 30 June 2022, there is no Shortfall and therefore the facility has been classified as a non-current liability.

Annual interest payable on amounts drawn is LIBOR+5.0%. The Facility is secured against the shares in Jervois Finland and its assets and is guaranteed by Jervois. A maximum of US\$50.0 million is permitted to be transferred out of the Jervois Finland group of companies for other general purposes in the wider Group.

- (iii) Borrowing costs relating to ICO of US\$6.5 million have been capitalised in "Assets under construction" (note 12) during the period (2021: US\$nil) at an effective interest rate of 14.1% (2021: US\$nil).
- (iv) Fees paid on the establishment of the Bonds (US\$2.8 million) and the Facility (US\$1.3 million) are recognised as transaction costs of the facility. These fees are capitalised and amortised over the period of the facility to which they relate.

19. Share capital

	30 June 2022	31 December 2021
	US\$'000	US\$'000
Share capital	387,665	387,176
Costs of raising equity	(11,266)	(11,266)
Total share capital	376,399	375,910

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

	No of shares	
	'000	US\$'000
Opening balance at 1 January 2021	791,303	151,068
Movements in 2021		
Issue of ordinary shares – exercise of options	15,073	3,817
Issue of ordinary shares – placement	711,430	230,444
Less costs of raising equity	-	(9,419)
Closing share capital balance at 31 December 2021	1,517,806	375,910
Movements in 2022		
Issue of ordinary shares – exercise of options	1,945	489
Issue of ordinary shares – placement	-	-
Less costs of raising equity	-	-
Closing share capital balance at 30 June 2022	1,519,751	376,399

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
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(ii) **Movements in costs of raising equity:**

	6 months to 30 June 2022	12 months to 31 December 2021
	US\$'000	US\$'000
Opening balance	(11,266)	(1,847)
Costs incurred	-	(9,419)
Closing balance	(11,266)	(11,266)

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

	6 months to 30 June 2022	12 months to 31 December 2021
	Number of options	Number of options
Balance at the beginning of the period	91,178,500	85,122,500
Granted	2,500,000	11,500,000
Forfeited	(2,200,000)	(1,750,000)
Exercised	(1,200,000)	(3,694,000)
Balance at the end of the period	90,278,500	91,178,500
Vested and exercisable at period end	37,106,000	35,156,000

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 2,500,000 options at an exercise price of A\$0.55/share were issued to employees as part of the Company option plan, with 2,200,000 options forfeited, 500,000 exercised at an exercise price of A\$0.30/share and 700,000 exercised at an exercise price of A\$0.15/share, thus bringing the options issued over ordinary shares in the Company to 90,278,500 as at 30 June 2022.

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
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Unissued shares under options

As at 30 June 2022 unissued shares of the Company under option are:

Expiry date	Exercise price (A\$)	Number of shares
30-Nov-22	\$0.10	12,500,000
01-Jul-23	\$0.25	7,500,000
30-Sep-23	\$0.24	5,000,000
30-May-24	\$0.30	100,000
01-Jun-24	\$0.19	2,500,000
18-Jun-24	\$0.26	1,806,000
15-Aug-24	\$0.19	2,500,000
30-Sep-24	\$0.19	5,000,000
30-Sep-25	\$0.26	5,000,000
15-Aug-27	\$0.15	10,000,000
31-Mar-28	\$0.10	8,122,500
18-Oct-28	\$0.28	7,500,000
03-Jan-29	\$0.24	6,000,000
28-Feb-29	\$0.24	3,250,000
28-Feb-29	\$0.45	500,000
08-Aug-29	\$0.57	3,250,000
31-Aug-29	\$0.56	1,000,000
31-Aug-29	\$0.48	6,250,000
31-Mar-30	\$0.55	2,500,000
Total		90,278,500

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 2021. 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 30 June 2022	12 months to 31 December 2021
	Number of options	Number of options
Balance at the beginning of the period	550,000	550,000
Granted	-	-
Forfeited	-	-
Exercised	(350,000)	-
Balance at the end of the period	200,000	550,000
Vested and exercisable at period end	200,000	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 350,000 exercised, thus the options issued to service providers over ordinary shares in the Company is 200,000 as at 30 June 2022.

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Unissued shares under options for services provided

As at 30 June 2022 unissued shares of the Company under option are:

Expiry date	Exercise price (A\$)	Number of shares
30-May-24	\$0.30	200,000
Total		200,000

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:

	6 months to 30 June 2022 Number of options	12 months to 31 December 2021 Number of options
Balance at the beginning of the period	4,504,500	18,015,250
Granted	-	-
Forfeited	-	-
Exercised	-	(11,378,500)
Expired	(1,344,750)	(2,132,250)
Balance at the end of the period	3,159,750	4,504,500
Vested and exercisable at period end	3,159,750	4,504,500

Options granted as part of acquisitions

During the period, no new options were issued as part of any acquisitions. Nil options were forfeited, nil were exercised and 1,344,750 expired, thus bringing the options issued for acquisitions over ordinary shares in the Company to 3,159,750 as at 30 June 2022.

Unissued shares under options as part of the acquisitions

As at 30 June 2022 unissued shares of the Company under option are:

Expiry date	Exercise price (C\$)	Number of shares
28-Jun-23	\$0.61	1,179,750
01-Oct-23	\$0.53	1,980,000
Total		3,159,750

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:**

	6 months to 30 June 2022 Number of rights	12 months to 31 December 2021 Number of rights
Balance at the beginning of the period	2,351,166	2,351,166
Granted	2,555,616	-
Forfeited	(99,098)	-
Exercised	(968,487)	-
Expired	-	-
Balance at the end of the period	3,839,197	2,351,166
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, 2,555,616 performance rights were issued to employees. 99,098 performance rights were forfeited, nil expired and 968,487 performance rights were exercised, thus bringing the performance rights over ordinary shares in the Company to 3,839,197 as at 30 June 2022.

Unissued shares under performance rights to Directors and employees

As at 30 June 2022 unissued shares of the Company under option are:

Expiry date	Exercise price (A\$)	Number of rights
03-Apr-24	N/A	315,984
17-Feb-24	N/A	967,597
03-Apr-25	N/A	2,555,616
Total		3,839,197

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
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For the half-year ended 30 June 2022

20. Share-based payments

Recognised share-based payment expense

	6 months to 30 June 2022 US\$'000	6 months to 30 June 2021 US\$'000
Expense arising from equity settled share-based payment transactions	(1,846)	(1,452)

Share options

The fair value of the options is estimated at the date of grant using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted. For the options granted during the period, 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
07-Jan-22	31-Mar-30	0.60	0.55	66.8%	Nil	1.65%	1,038 ⁽ⁱ⁾

(i) Equivalent to US\$0.743 million at grant date.

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.

Performance rights

The fair value of the performance rights is estimated at the date of grant using the Monte Carlo simulation option pricing model, considering the terms and conditions upon which the performance rights were granted. For the performance rights granted during the period, 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
12-Apr-22	3-Apr-25	0.86	N/A	65.0%	Nil	2.52%	1,712 ⁽ⁱ⁾

(i) Equivalent to US\$1.273 million at grant date.

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 performance rights is indicative of future trends, which may not necessarily be the actual outcome.

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2022

21. 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:

	30 June 2022 US\$'000	31 December 2021 US \$'000
Financial assets at amortised cost		
Cash and cash equivalents	57,560	49,181
Term deposits	80	84
Funds held in escrow	57,250	113,500
Trade and other receivables	49,131	37,428
Total financial assets	164,021	200,193
Financial assets at fair value through profit or loss		
Call options	1,681	1,834
Financial liabilities at fair value through profit or loss		
Contingent consideration	38,000	38,000
Financial liabilities at amortised cost		
Trade and other payables	70,477	31,671
Senior secured bonds	102,179	101,933
Secured revolving credit facility	100,000	57,500
Lease liabilities	21,539	19,257
Other non-current financial liabilities	-	56
Total financial liabilities	294,195	210,417

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)

Fair value measurement

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

30 June 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Call option (note 18)	-	-	1,681	1,681
Financial liabilities				
Contingent consideration	-	-	38,000	38,000

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES
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31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Call option (note 18)	-	-	1,834	1,834
Financial liabilities				
Contingent consideration	-	-	38,000	38,000

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

Valuation techniques for Level 3 fair value measurements

The fair value of the Group's embedded call option was determined using the Bermudan option pricing model, which was estimated through calculating the difference between the option-inclusive and exclusive valuation based on an estimated credit spread. Where available, the Group applied reliably sourced inputs, such as the bond price, risk free rate and volatility data.

The fair value of the Group's contingent consideration arrangement was determined using the Monte Carlo simulation approach, based on two key profit drivers for the business, being the cobalt metal spot price and the cobalt payability percentage.

22. Commitments

6 months to 30 June 2022	Less than one year US\$'000	Between one and five years US\$'000	More than five years US\$'000	Total US\$'000
Property, plant, and equipment	40,116	-	-	40,116
Exploration expenditure	407	-	-	407
Intangible assets	1,152	-	-	1,152
12 months to 31 December 2021				
	Less than one year US\$'000	Between one and five years US\$'000	More than five years US\$'000	Total US\$'000
Property, plant, and equipment	48,562	-	-	48,562
Exploration expenditure	634	-	-	634
Intangible assets	1,878	-	-	1,878

23. Contingencies

	30 June 2022 US\$'000	31 December 2021 US\$'000
Customs guarantees	1,202	1,398
Bank guarantees	80	78

Customs guarantees

These customs guarantees are bank guarantees which are in place in relation to customs duties and fees on products sold to customers, payable by the Group, to local customs authorities. Provided the Group continues to make these payments in line with the requirements of each local authority, it is not envisaged that any of the parties who have been granted the guarantees will seek to redeem them.

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2022

24. 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 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 June 2022.

	6 months to 30 June 2022	6 months to 30 June 2021
	US \$'000	US\$'000
Management services – Great Rift	-	32

25. Events after reporting period

On 15 July 2022, the Company's wholly owned subsidiary, Jervois Brasil Participacoes Ltda, closed the acquisition of SMP Refinery from Companhia Brasileira de Alumínio. Total consideration paid for the acquisition is agreed at R\$125.0 million in cash, payable in tranches. The Company paid the initial R\$15.0 million payment in late 2020 when the acquisition was publicly announced and a further R\$47.5 million on closing, in accordance with the terms of the purchase agreement. The remaining R\$62.5 million is to be paid on the earlier to occur of commencement of commercial production at SMP Refinery and June 2023, per the purchase agreement, which Jervois expects to be during 2023 based on SMP Refinery's current restart schedule. The transaction is expected to be treated as an asset acquisition and accounted for under AASB 116 – Property, Plant and Equipment.

Upon satisfaction of the pre-disbursement conditions precedent, on 20 July 2022, the Company's wholly owned subsidiary, Jervois Mining USA Limited, completed the second US\$50.0 million drawdown of the US\$100.0 million senior secured bond facility, with these funds to be used exclusively for ongoing construction of ICO. Subsequent to 30 June 2022, the total proceeds of the Bonds will be classified as a non-current liability in the statement of financial position.

The Directors of the Company have not identified any other 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 GLOBAL LIMITED AND CONTROLLED ENTITIES

Directors' Declaration

For the half-year ended 30 June 2022

1. In the opinion of the Directors of Jervois Global Limited (the "Company"):
 - a) the interim condensed consolidated financial statements and notes set out on pages 8 to 32 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 – Interim Financial Reporting (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.

Dated at Melbourne this 23rd day of August 2022.

Signed in accordance with a resolution of the Directors:



Peter Johnston
Chairman



**Building a better
working world**

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Independent auditor's review report to the members of Jervois Global Limited

Conclusion

We have reviewed the accompanying interim financial report of Jervois Global Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Matthew A. Honey', written over a horizontal line.

Matthew A. Honey
Partner
Melbourne
23 August 2022