



Jervois Global Limited

(ABN 52 007 626 575)

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

(Unaudited – Expressed in United States Dollars)

For the three and nine months ended 30 September 2022

and 30 September 2021

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

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JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Financial Position

As at 30 September 2022 and 31 December 2021 (Unaudited)

	Note	30 September 2022 US\$'000	31 December 2021 US\$'000
Current assets			
Cash and cash equivalents	7	52,319	49,181
Funds held in escrow	17	-	113,500
Restricted cash	13	690	-
Trade and other receivables	8	46,538	37,512
Prepayments		2,978	3,692
Inventories	9	157,669	109,295
Financial assets at fair value through profit or loss	20	1,681	1,834
Total current assets		261,875	315,014
Non-current assets			
Security deposits		13	114
Exploration and evaluation	10	4,370	4,933
Property, plant, and equipment	11	258,383	128,406
Intangible assets and goodwill	12	99,092	103,100
Reclamation deposits	13	1,647	1,923
Right-of-use asset		1,860	22,289
Deferred tax assets		5,058	2,185
Other non-current assets		412	494
Total non-current assets		370,835	263,444
Total assets		632,710	578,458
Current liabilities			
Trade and other payables	14	66,945	31,671
Employee benefits	15	3,853	4,235
Borrowings	17	3,125	101,933
Lease liability		550	7,811
Income tax payable		1,308	3,596
Other current liabilities	11	11,575	-
Total current liabilities		87,356	149,246
Non-current liabilities			
Deferred tax liabilities		16,592	17,431
Employee benefits	15	238	261
Borrowings	17	196,084	57,500
Asset retirement obligation	16	17,597	7,746
Lease liability		1,134	11,446
Contingent consideration	20	38,000	38,000
Other non-current liabilities		-	56
Total non-current liabilities		269,645	132,440
Total liabilities		357,001	281,686
Net assets		275,709	296,772
Equity			
Share capital	18	376,399	375,910
Reserves		15,055	13,969
Accumulated losses		(115,745)	(93,107)
Total equity attributable to equity holders of the Company		275,709	296,772

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

Approved on behalf of the Board on 14 November 2022:

(signed) "Peter Johnston"

Peter Johnston, Director

(signed) "Bryce Crocker"

Bryce Crocker, Director

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three and nine months ended 30 September 2022 and 30 September 2021

(Unaudited)

		Three months ended 30 September 2022	Three months ended 30 September 2021	Nine months ended 30 September 2022	Nine months ended 30 September 2021
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	4	84,629	25,338	280,948	25,338
Cost of goods sold		(101,802)	(23,155)	(269,872)	(23,155)
Gross profit		(17,173)	2,183	11,076	2,183
Other income		1,130	140	1,156	254
Other loss	4	-	-	(153)	-
General and administrative expenses		(2,822)	(2,279)	(10,058)	(4,289)
Employee benefits expenses		(3,345)	(1,062)	(6,711)	(2,843)
Share-based payments	19	(888)	(684)	(2,734)	(2,136)
Business development costs		(1,115)	(2,138)	(3,740)	(4,564)
Other acquisition costs		-	(2,773)	-	(2,773)
Depreciation and amortisation		(3,386)	(489)	(9,458)	(1,004)
Impairment of exploration assets		-	-	-	(5)
Gain on sale of fixed assets		-	19	1,481	7
Operating loss		(27,599)	(7,083)	(19,141)	(15,170)
Interest income		96	1	99	1
Interest expense		(2,211)	(428)	(5,275)	(1,409)
Net financing costs		(2,115)	(427)	(5,176)	(1,408)
Loss before income tax expense		(29,714)	(7,510)	(24,317)	(16,578)
Income tax expense	5	4,222	(234)	1,679	(234)
Loss for the period		(25,492)	(7,744)	(22,638)	(16,812)
Loss after income tax expense for the period attributable to the owners of Jervois Global Limited		(25,492)	(7,744)	(22,638)	(16,812)
Other comprehensive loss:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange gain / (loss) arising on translation of foreign operations		(966)	(1,465)	(1,108)	(2,709)
Total other comprehensive loss		(966)	(1,465)	(1,108)	(2,709)
Total comprehensive loss for the period attributable to the owners of Jervois Global Limited		(26,458)	(9,209)	(23,746)	(19,521)
Loss per share for the period attributable to the owners of Jervois Global Limited		US\$ cents	US\$ cents	US\$ cents	US\$ cents
Basic loss per share	6	(1.68)	(0.69)	(1.49)	(1.85)
Diluted loss per share	6	(1.68)	(0.69)	(1.49)	(1.85)
<i>Weighted average ordinary shares outstanding:</i>		Number of shares	Number of shares	Number of shares	Number of shares
Basic		1,519,751	1,128,720	1,519,609	910,798
Diluted		1,519,751	1,128,720	1,519,609	910,798

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

	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 loss						
Loss for the period	-	-	-	-	(22,638)	(22,638)
<i>Other comprehensive loss</i>						
Foreign currency translation differences for foreign operations	-	-	-	(1,108)	-	(1,108)
Total comprehensive loss for the period	-	-	-	(1,108)	(22,638)	(23,746)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	-	-	-	-	-	-
Costs of raising equity	-	-	-	-	-	-
Value of options issued	-	-	2,734	-	-	2,734
Share-based payment transactions exercised	489	-	(540)	-	-	(51)
Balance as at 30 September 2022	376,399	1,568	14,250	(763)	(115,745)	275,709

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

	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	-	-	-	-	(16,812)	(16,812)
<i>Other comprehensive loss</i>						
Foreign currency translation differences for foreign operations	-	-	-	(2,709)	-	(2,709)
Total comprehensive loss for the period	-	-	-	(2,709)	(16,812)	(19,521)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	232,403	-	-	-	-	232,403
Costs of raising equity	(9,153)	-	-	-	-	(9,153)
Value of options issued	-	-	2,136	-	-	2,136
Share-based payment transactions exercised	579	-	(129)	-	-	450
Balance as at 30 September 2021	374,897	1,568	12,099	(718)	(88,046)	299,800

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows

For the three months and nine months ended 30 September 2022 and 30 September 2021
(Unaudited)

	Three months ended 30 September 2022	Three months ended 30 September 2021	Nine months ended 30 September 2022	Nine months ended 30 September 2021
Note	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Receipts from customers	83,777	23,551	277,884	23,551
Sundry income	50	127	76	130
Payments to suppliers and employees	(99,402)	(21,409)	(319,530)	(24,122)
Business development costs	(1,245)	(2,679)	(3,839)	(4,303)
Interest paid	(8,160)	(428)	(16,788)	(1,410)
Income taxes paid	(1,645)	(65)	(5,771)	(65)
Net cash outflow from operating activities	(26,625)	(903)	(67,968)	(6,219)
Cash flows from investing activities				
Interest received	88	1	94	1
Payments for property, plant, and equipment	(35,054)	(8,336)	(84,110)	(12,095)
Payments for exploration and evaluation	(24)	(16)	(75)	(57)
Proceeds from sale of fixed assets	21	20	1,251	43
Refund of reclamation deposit	186	-	186	-
Acquisition of subsidiaries, net of cash acquired	-	(158,193)	-	(158,193)
R&D tax offset received for exploration assets	-	10	-	47
Net cash outflow from investing activities	(34,783)	(166,514)	(82,654)	(170,254)
Cash flows from financing activities				
Proceeds from issue of shares	-	196,408	221	198,556
Share issue transaction costs	-	(7,362)	(846)	(7,362)
Transfer from funds held in escrow	57,250	-	113,500	-
Transfer to funds held in escrow	-	(15,500)	-	(15,500)
Transfer to restricted cash	(690)	-	(690)	-
Proceeds from borrowings	-	-	42,500	-
Repayment of lease liability	(409)	(467)	(628)	(600)
Transaction costs related to loans and borrowings	-	(2,850)	-	(2,850)
Net cash inflow from financing activities	56,151	170,229	154,057	172,244
Net decrease in cash and cash equivalents	(5,257)	2,812	3,435	(4,229)
Cash and cash equivalents at the beginning of the period	57,560	24,970	49,181	32,604
Effects of exchange rate changes on cash and cash equivalents	16	5,517	(297)	4,924
Cash and cash equivalents at the end of the period	52,319	33,299	52,319	33,299

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

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

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 three and nine-month period ended 30 September 2022 (the “period”). The financial statements are presented in United States dollars and the Company’s functional currency is Australian dollars.

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

2. Principal activities

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

3. Basis of preparation

(a) Statement of compliance

This interim condensed consolidated financial report for the nine-month period ended 30 September 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 and interim condensed financial report for the half-year ended 30 June 2022. 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) 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.

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

(d) Change in presentation currency

The Directors elected to change the Group's presentation currency from Australian dollars ("A\$") to United States dollars ("US\$"). The previous financial report for the six-month period ended 30 June 2022 was 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\$.

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:

Australia	Includes Nico Young and other Australian tenement licenses held.
Brazil	Includes the São Miguel Paulista ("SMP") nickel and cobalt refinery ("SMP Refinery") in São Paulo, Brazil.
Finland	Includes the cobalt refining and specialty products business located in Kokkola, Finland.
United States of America	Includes the Idaho Cobalt Operations ("ICO") cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho.
Other	Consists of non-core exploration not related to Australia and the United States, corporate costs, including acquisition costs and financing costs. This is not a reportable segment.

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:

3 months ended	Australia	Brazil	Finland	USA	Other	Total
30 September 2022	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<i>Revenue from external customers</i>						
Type of goods or services:						
Sales of cobalt	-	-	84,629	-	-	84,629
Total revenue from contracts with customers	-	-	84,629	-	-	84,629
Timing of revenue recognition:						
At a point in time	-	-	84,629	-	-	84,629
Over time	-	-	-	-	-	-
Total revenue from contracts with customers	-	-	84,629	-	-	84,629

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021
(Unaudited)

3 months ended 30 September 2022	Australia US\$'000	Brazil US\$'000	Finland US\$'000	USA US\$'000	Other US\$'000	Total US\$'000
Other income	-	1,080	2	10	38	1,130
Segment expense	(2)	(1,693)	(85,338)	(2,236)	(2,907)	(92,176)
Adjusted EBITDA ⁽ⁱ⁾	(2)	(613)	(707)	(2,226)	(2,869)	(6,417)
Integration costs	-	-	(180)	-	-	(180)
Other loss ⁽ⁱⁱ⁾	-	-	-	-	-	-
Inventory write-down	-	-	(17,302)	-	-	(17,302)
Profit on sale of fixed assets	-	-	-	-	-	-
Depreciation and amortisation	(2)	(497)	(2,708)	(161)	(18)	(3,386)
Interest income	-	3	3	85	5	96
Interest expense	7	(82)	(2,108)	(11)	(17)	(2,211)
Net foreign exchange loss	-	-	(674)	(2)	362	(314)
Profit/(loss) before income tax expense (segment result)	3	(1,189)	(23,676)	(2,315)	(2,537)	(29,714)
Segment assets	4,698	32,405	371,027	223,607	973	632,710
Segment liabilities	-	(21,166)	(203,654)	(129,277)	(2,904)	(357,001)
9 months ended 30 September 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	-	-	280,948	-	-	280,948
Total revenue from contracts with customers	-	-	280,948	-	-	280,948
Timing of revenue recognition:						
At a point in time	-	-	280,948	-	-	280,948
Over time	-	-	-	-	-	-
Total revenue from contracts with customers	-	-	280,948	-	-	280,948
Other income	-	1,080	23	10	43	1,156
Segment expense	(19)	(4,300)	(254,824)	(4,745)	(9,362)	(273,250)
Adjusted EBITDA ⁽ⁱ⁾	(19)	(3,220)	26,147	(4,735)	(9,319)	8,854
Integration costs	-	-	(1,366)	-	-	(1,366)
Other loss ⁽ⁱⁱ⁾	-	-	-	(153)	-	(153)
Inventory write-down	-	-	(17,302)	-	-	(17,302)
Profit on sale of fixed assets	-	-	-	1,481	-	1,481
Depreciation and amortisation	(6)	(824)	(8,213)	(363)	(52)	(9,458)
Interest income	-	3	4	85	7	99
Interest expense	-	(982)	(4,259)	(17)	(17)	(5,275)
Net foreign exchange loss	-	33	(1,612)	(13)	395	(1,197)

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021
(Unaudited)

Loss before income tax expense (segment result)	(25)	(4,990)	(6,601)	(3,715)	(8,986)	(24,317)
Segment assets	4,698	32,405	371,027	223,607	973	632,710
Segment liabilities	-	(21,166)	(203,654)	(129,277)	(2,904)	(357,001)

3 months ended 30 September 2021	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	-	-	25,338	-	-	25,338
Total revenue from contracts with customers	-	-	25,338	-	-	25,338
Timing of revenue recognition:						
At a point in time	-	-	25,338	-	-	25,338
Over time	-	-	-	-	-	-
Total revenue from contracts with customers	-	-	25,338	-	-	25,338
Other income	-	-	-	-	140	140
Segment expense	(590)	(702)	(23,766)	(478)	(6,413)	(31,949)
Adjusted EBITDA ⁽ⁱ⁾	(590)	(702)	1,572	(478)	(6,273)	(6,471)
Profit on sale of fixed assets	-	-	-	19	-	19
Depreciation and amortisation	-	(186)	(247)	(53)	(3)	(489)
Interest income	-	-	1	-	-	1
Interest expense	-	(428)	-	-	-	(428)
Net foreign exchange gain	-	-	(73)	(7)	(62)	(142)
(Loss)/profit before income tax expense (segment result)	(590)	(1,316)	1,253	(519)	(6,338)	(7,510)
Segment assets	5,677	21,911	243,874	189,214	9,390	470,066
Segment liabilities	-	(18,980)	(35,134)	(109,254)	(6,898)	(170,266)

9 months ended 30 September 2021	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	-	-	25,338	-	-	25,338
Total revenue from contracts with customers	-	-	25,338	-	-	25,338
Timing of revenue recognition:						
At a point in time	-	-	25,338	-	-	25,338
Over time	-	-	-	-	-	-

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

Total revenue from contracts with customers	-	-	25,338	-	-	25,338
Other income	-	-	-	80	174	254
Segment expense	(666)	(1,892)	(23,766)	(1,092)	(12,442)	(39,858)
Adjusted EBITDA ⁽ⁱ⁾	(666)	(1,892)	1,572	(1,012)	(12,268)	(14,266)
Profit on sale of fixed assets	-	-	-	19	(12)	7
Depreciation and amortisation	-	(596)	(247)	(151)	(10)	(1,004)
Interest income	-	-	1	-	-	1
Interest expense	-	(1,409)	-	-	-	(1,409)
Net foreign exchange gain	-	-	(73)	(3)	169	93
(Loss)/profit before income tax expense (segment result)	(666)	(3,897)	1,253	(1,147)	(12,121)	(16,578)
Segment assets	5,677	21,911	243,874	189,214	9,390	470,066
Segment liabilities	-	(18,980)	(35,134)	(109,254)	(6,898)	(170,266)

- (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. For the current period, a US\$17.3 million non-cash adjustment (cost) was recorded as the historical cost of inventories were in excess of their net realisable value at 30 September 2022.
- (ii) Net fair value loss on financial assets at fair value through profit or loss (see Note 17).

Geographical information

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

	3 months ended 30 September 2022	9 months ended 30 September 2022	30 September 2022	3 months ended 30 September 2021	9 months ended 30 September 2021	30 September 2021
	Income	Income	Non-current assets	Income	Income	Non-current assets
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Australia	-	-	4,641	-	-	5,740
Brazil	1,080	1,080	32,146	-	-	21,740
Finland	84,631	280,971	144,180	25,338	25,338	1,310
United States of America	10	10	189,467	-	80	93,062
Other	38	43	401	140	174	74,929
Total	85,759	282,104	370,835	25,478	25,592	196,781

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

5. Income tax expense

	9 months ended 30 September 2022 US\$'000	9 months ended 30 September 2021 US\$'000
Income taxes		
Current tax expense / (benefit)	(2,062)	340
Deferred tax benefit / (expense)	3,741	(574)
Total	1,679	(234)

6. Loss per share

	3 months ended 30 September 2022 US\$ (cents)	3 months ended 30 September 2021 US\$ (cents)	9 months ended 30 September 2022 US\$ (cents)	9 months ended 30 September 2021 US\$ (cents)
Loss per share				
Basic loss per share - cents	(1.68)	(0.69)	(1.49)	(1.85)
Diluted loss per share - cents	(1.68)	(0.69)	(1.49)	(1.85)

Basic loss and diluted loss per share

The calculation of basic loss per share and diluted loss per share for the three months ended 30 September 2022 was based on the loss attributable to ordinary equity holders of the Company of US\$25.5 million (three months ended 30 September 2021: loss of US\$7.7 million) and a weighted average number of ordinary shares outstanding during the three months ended 30 September 2022 of 1,519,750,961 (three months ended 30 September 2021: 1,128,719,745).

The calculation of basic loss per share and diluted loss per share for the nine months ended 30 September 2022 was based on the loss attributable to ordinary equity holders of the Company of US\$22.6 million (nine months ended 30 September 2021: loss of US\$16.8 million) and a weighted average number of ordinary shares outstanding during the nine months ended 30 September 2022 of 1,519,609,309 (nine months ended 30 September 2021: 910,797,833).

Employee options and other options granted as described in Note 18 – Share capital have been included in the determination of diluted earnings per share to the extent they are dilutive.

7. Cash and cash equivalents

	30 September 2022 US\$'000	31 December 2021 US\$'000
Bank balances	52,319	49,181
Total cash and cash equivalents	52,319	49,181

JERVOIS GLOBAL LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements

For the three and nine months ended 30 September 2022 and 30 September 2021 (Unaudited)

8. Trade and other receivables

	30 September 2022 US\$'000	31 December 2021 US\$'000
Other receivables	362	113
GST receivable	9,056	3,293
Trade receivables	37,255	34,247
Allowance for expected credit losses	(135)	(141)
Trade receivables, net	37,120	34,106
Total trade and other receivables	46,538	37,512

9. Inventories

	30 September 2022 US\$'000	31 December 2021 US\$'000
Raw materials	45,399	17,074
Work in progress	11,514	1,439
Finished goods	93,078	84,011
Stores and consumables	7,678	6,771
Total inventories⁽ⁱ⁾	157,669	109,295

(i) Inventories are valued at the lower of weighted-average cost and net realisable value. At 30 September 2022, current inventory balances include an inventory write-down in finished goods of US\$17.3 million (2021: US\$nil).

10. Exploration and evaluation

	30 September 2022 US\$'000	31 December 2021 US\$'000
Opening balance	4,933	5,523
Expenditure incurred and capitalised	75	129
Foreign currency translation	(638)	(354)
Impairment ⁽ⁱ⁾	-	(318)
R&D tax offset recognised	-	(47)
Total exploration and evaluation	4,370	4,933

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

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

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11. 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 September 2022					
<i>Cost</i>					
As at 1 January 2022	38,317	303	605	91,586	130,811
Additions for the period ⁽ⁱ⁾	51,681	88	357	106,763	158,889
Disposals for the period	(46)	-	-	-	(46)
Transfer	1,318	(86)	-	(1,232)	-
Asset write-down	-	-	-	(1)	(1)
Foreign currency translation	724	6	-	(94)	636
As at 30 September 2022	91,994	311	962	197,022	290,289
<i>Depreciation and impairment</i>					
As at 1 January 2022	(2,062)	(195)	(148)	-	(2,405)
Depreciation charge for the period	(29,227)	(91)	(151)	-	(29,469)
Disposals for the period	26	-	-	-	26
Transfer	(33)	33	-	-	-
Foreign currency translation	(58)	-	-	-	(58)
As at 30 September 2022	(31,354)	(253)	(299)	-	(31,906)
Net book value:					
As at 30 September 2022	60,640	58	663	197,022	258,383
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

- (i) 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. The Company has accounted for this transaction as an asset acquisition in accordance with AASB 116 – Property, Plant, and Equipment. In accordance with the terms of the purchase agreement, the Company expects to pay the final acquisition payment of R\$62.5 million in June 2023. This final acquisition payment is classified as a current liability on the statement of financial position.

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12. Intangible assets and goodwill

	Goodwill ⁽ⁱ⁾	Software	Commercial contracts	Total
	US\$'000	US\$'000	US\$'000	US\$'000
30 September 2022				
<i>Cost</i>				
As at 1 January 2022	37,909	663	66,465	105,037
Additions for the period	-	-	-	-
Transfer	-	-	-	-
As at 30 September 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	-	(119)	(3,888)	(4,007)
As at 30 September 2022	-	(367)	(5,578)	(5,945)
Net book value:				
As at 30 September 2022	37,909	296	60,887	99,092
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.

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13. Reclamation deposits

	30 September 2022 US\$'000	31 December 2021 US\$'000
Reclamation Performance Bond requirement	8,800	8,800
Insured	8,800	8,800
In Trust: U.S. Treasury Securities	1,647	1,923
Total reclamation deposits	1,647	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\$1.6 million (31 December 2021: US\$1.9 million) reclamation deposit on the statement of financial position as at 30 September 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. In early October 2022, Jervois finalised updated terms with the USFS, which resulted in the transfer of a cash security amount of US\$0.7 million in early October 2022 (classified as restricted cash on the statement of financial position as at 30 September 2022) in addition to an increase of the existing surface surety bond to US\$15.0 million.

14. Trade and other payables

	30 September 2022 US\$'000	31 December 2021 US\$'000
Trade payables	42,695	22,674
Other payables	2,809	2,635
Accruals ⁽ⁱ⁾	16,222	5,980
Deferred revenue	-	250
Tax payable (VAT/GST/Fuel Tax)	5,219	132
Total trade and other payables	66,945	31,671

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

15. Employee benefits

	30 September 2022 US\$'000	31 December 2021 US\$'000
Annual leave provision	1,843	2,429
Long service leave provision	206	220
Other employee entitlements	2,042	1,847
Total employee benefits	4,091	4,496
Current	3,853	4,235
Non-current	238	261
Total employee benefits	4,091	4,496

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16. Asset retirement obligation

	30 September 2022 US\$'000	31 December 2021 US\$'000
Opening reclamation and closure cost balance	7,746	7,562
Additions for the period	9,283	-
Movements in economic assumptions and timing of cash flows	568	184
Closing reclamation and closure cost balance	17,597	7,746

The Group's provision for site reclamation and closure consists of:

- (i) 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 September 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.

- (ii) Environmental and decommissioning provisions assumed through the asset acquisition of SMP Refinery (refer to Note 11 (i)). The undiscounted cash flows assumed at the date of acquisition were R\$50.3 million.

17. Borrowings

	Interest rate	Maturity date	Principal US\$'000	30 September 2022 Carrying amount US\$'000	31 December 2021 Carrying amount US\$'000
Senior secured bonds ⁽ⁱ⁾	12.5%	20-Jul-26	100,000	99,209	101,933
Secured revolving credit facility ⁽ⁱⁱⁱ⁾	SOFR + 5%	31-Dec-24	150,000	100,000	57,500
Total borrowings				199,209	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. On 20 July 2022, following the satisfaction of certain pre-disbursement conditions precedent, the Issuer completed the second, and final, US\$50.0 million drawdown from the escrow account. In addition, US\$6.25 million was drawn down from the debt service account in July 2022 to facilitate the second bi-annual interest payment. The balances, if any, in the escrow account and debt service account at any point in time are classified as "funds held in escrow" on the statement of financial position, being US\$nil as at 30 September 2022 (31 December 2021: US\$113.5 million).

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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 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 on the statement of financial position as at 30 September 2022, classified as "financial assets at fair value through profit or loss".

- (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 September 2022, there is no Shortfall and therefore the facility has been classified as a non-current liability.

Annual interest payable on amounts drawn is SOFR + 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\$9.8 million have been capitalised in "Assets under construction" (Note 11) during the period (2021: US\$2.5 million) at an effective interest rate of 14.1%.
- (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.

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18. Share capital

	30 September 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 September 2022	1,519,751	376,399

(ii) Movements in costs of raising equity:

	9 months to 30 September 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:

	9 months to 30 September 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

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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 September 2022.

Unissued shares under options

As at 30 September 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:**

	9 months to 30 September 2022 Number of options	12 months to 31 December 2021 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

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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 September 2022.

Unissued shares under options for services provided

As at 30 September 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:**

	9 months to 30 September 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 September 2022.

Unissued shares under options as part of the acquisitions

As at 30 September 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

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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.

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

	9 months to 30 September 2022 Number of rights	12 months to 31 December 2021 Number of rights
Balance at the beginning of the period	2,351,165	2,351,165
Granted	3,159,903	-
Forfeited	(99,098)	-
Exercised	(968,487)	-
Expired	-	-
Balance at the end of the period	4,443,483	2,351,165
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, 3,159,902 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 4,443,483 as at 30 September 2022.

Unissued shares under performance rights to Directors and employees

As at 30 September 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
03-Apr-25	N/A	604,286
Total		4,443,483

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19. Share-based payments

Recognised share-based payment expense

	9 months to 30 September 2022 US\$'000	9 months to 30 September 2021 US\$'000
Expense arising from equity settled share-based payment transactions	(2,734)	(2,136)

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 both the Monte Carlo and Black-Scholes 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:

Monte Carlo

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.

Black-Scholes

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
1-Aug-22	3-Aug-25	0.39	N/A	69.1%	Nil	2.86%	233 ⁽ⁱ⁾

(i) Equivalent to US\$0.163 million at grant date.

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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.

20. 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 September 2022 US\$'000	31 December 2021 US \$'000
Financial assets at amortised cost		
Cash and cash equivalents	52,319	49,181
Funds held in escrow	-	113,500
Restricted cash – other	690	-
Trade and other receivables	46,538	37,512
Total financial assets	99,547	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	66,945	31,671
Senior secured bonds	99,209	101,933
Secured revolving credit facility	100,000	57,500
Lease liabilities	1,684	19,257
Other current financial liabilities	11,575	-
Other non-current financial liabilities	-	56
Total financial liabilities	279,413	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 September 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Call option (Note 17)	-	-	1,681	1,681
Financial liabilities				
Contingent consideration	-	-	38,000	38,000

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31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Call option (Note 17)	-	-	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.

21. Commitments

9 months to 30 September 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	23,114	2,897	-	26,011
Exploration expenditure	601	-	-	601
Intangible assets	125	-	-	125
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

22. Contingencies

	30 September 2022 US\$'000	31 December 2021 US\$'000
Customs guarantees	1,128	1,398
Bank guarantees	75	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.

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23. 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 September 2022.

	9 months to 30 September 2022 US \$'000	9 months to 30 September 2021 US\$'000
Management services – Great Rift	-	32

24. Events after reporting period

On 10 November 2022, the Company announced final investment decision ("FID") on the restart of SMP Refinery. Restart capital spending is planned across 2023, with production expected to commence in Q1 2024, with the focus on delivering the Stage 1 forecast of 10,000 mtpa nickel and 2,000 mtpa cobalt metal cathode.

In order to fund the restart of SMP Refinery, as well as ICO ramp-up and general corporate costs, Jervois announced, concurrently with FID on 10 November 2022, that it is undertaking a fully-underwritten A\$231.0 million (US\$150.0 million) equity capital raising consisting of a ~A\$113.0 million (US\$73.0 million) institutional placement of new Jervois ordinary shares (the "Placement") and a ~A\$118.0 million (US\$77.0 million) 1 for 5.42 accelerated pro-rata non-renounceable entitlement offer (the "Entitlement Offer" and, together with the Placement, the "Equity Raising").

Approximately A\$177.0 million (approximately US\$115.0 million) was raised across the Placement and Institutional Entitlement Offer at an offer price of A\$0.42 per share and will be funded to the Company on or around 18 November 2022. The retail component of the entitlement offer is fully underwritten and will raise an additional A\$54 million (US\$35 million). Together, the combined proceeds of the Equity Raising are expected to total A\$231.0 million (US\$150.0 million).

The Directors of the Company have not identified any 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.