For personal use only

Jervois MINING LIMITED

A.B.N. 52 007 626 575
Suite 508, 737 Burwood Road, Hawthorn East, Victoria, 3123, Australia

19 February 2020

ASX / TSX-V: JRV
OTC: JRVMF / FRA: IHS

Jervois Mining TSXV – Interim Financial Statements and MD&A

Jervois Mining Limited ("Jervois" or the "Company") (ASX: JRV) (TSX-V: JRV) (OTC: JRVMF) (FRA: IHS) attaches its Unaudited Three months and Six months Ended December 31, 2019 interim financial statements and Management Discussion & Analysis in accordance with the Company's Canadian reporting requirements.

The Company will release its reviewed Half year report and accounts to the ASX in the near future as required by the Listing Rules.

On behalf of the Board of Directors
Jervois Mining Limited,
Bryce Crocker, CEO

For further information, please contact:

Investors and analysts:
Simon Clarke
EGM Corporate Affairs
sclarke@jervoismining.com
Cell: +1 604 551 9665

Media:
Nathan Ryan
NWR Communications
nathan.ryan@nwrcommunications.com.au
Mob: +61 420 582 887

For personal use only

Jervois Mining Limited

Management Discussion & Analysis ("MD&A")

For the Three months and Six months Ended December 31, 2019

For personal use only

INTRODUCTION

This discussion and analysis of financial position and results of operations ("MD&A") is prepared as at February 18, 2020 and should be read in conjunction with the unaudited consolidated financial statements for the quarter ended December 31, 2019 and the six months ended December 31, 2019 of Jervois Mining Limited (the "Company" or "Jervois") with the related notes thereto. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with Australian Accounting Standards (AASBs) (AASB 134 Interim Financial Reporting) adopted by the Australian Accounting Standards Board (AASB). All dollar amounts included therein and in the following MD&A are expressed in Australian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

FORWARD LOOKING STATEMENTS

This report contains certain statements related to industry scope and state, production, revenue, expenses, plans, development schedules and similar items that represent forward-looking statements. Such statements are based on assumptions and estimates related to future economic and market conditions. Such statements include declarations regarding management's intent, belief or current expectations. Certain statements contained herein may contain words such as "could", "should", "expect", believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results may differ materially from those indicated by such forward-looking statements. Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment , (ii) the possible unavailability of financing, (iii) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix) impact of USA, Canadian, Ugandan and Australian economic conditions, and (x) fluctuations in currency exchange rates and interest rates. Readers are also referred to the section "Risk Factors" contained within this document.

DESCRIPTION OF BUSINESS

Jervois was incorporated under the laws of Australia on October 25, 1962.

Jervois is a mineral exploration and development company. In late 2017, the Jervois completed a board and management transformation, with a new focus on the growing battery metals market. Cobalt and nickel form critical components of the cathodes in lithium ion batteries, which are seeing increased demand as the market for electric vehicles ("EVs") continues to grow. Jervois has plans to construct and operate a portfolio of mines and processing facilities to take advantage of this market, aiming to supply high quality cobalt and nickel for use in EV batteries.

Jervois holds the Nico Young nickel and cobalt deposit located near Young, New South Wales, Australia. Nico Young comprises two distinct bodies of mineralization and are large, shallow, flat-lying structures.

As a consequence of the acquisition of M2 Cobalt Corp as announced in January 2019, and completed in June of that year, Jervois acquired control of the Ugandan exploration assets held by M2 Cobalt. Jervois is also in discussions with the Government of Uganda over its potential involvement in a restart of an old Falconbridge mine, known as the Kilembe Project, and an associated cobalt refinery, Kasese Cobalt Company Limited ("KCCL"). The Government of Uganda owns 100% of the Kilembe Project, and its associated licenses and 25% of KCCL.

On 24 July 2019, Jervois completed its merger with eCobalt Solutions Inc as announced on 1 April 2019 and thereby acquired the Idaho Cobalt Operation ("ICO"). The ICO comprises the largest NI 43-101 compliant cobalt resource in the United Sates (see details below).

Separately, in late December 2019, the Government of Tanzania announced a pre-qualification tender for the development of the Kabanga nickel-cobalt deposit, in the Kagera Region of Tanzania. Jervois dispatched a team of executives and advisers to Tanzania in January 2020 to finalise an offer, which was submitted on Friday 17 January 2020, ahead of the deadline.

Transaction with eCobalt Solutions Inc. ("eCobalt")

On April 1, 2019, eCobalt and Jervois entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which the companies agreed to combine (the "Transaction"). The Transaction was completed on 24 July 2019 by way of a Plan of Arrangement under the Business Corporations Act (British Columbia) (the "Arrangement") whereby Jervois has acquired all of the issued and outstanding common shares of eCobalt that it did not already own.

Under the Arrangement, each common share of eCobalt was exchanged for 1.65 common shares of Jervois (the "Exchange Ratio"). This represents an implied offer price of A$0.36 per eCobalt share based on the closing price of Jervois' common shares on the Australian Securities Exchange ("ASX") on March 29, 2019. After closing of the Transaction, eCobalt stock options and warrants provide that upon exercise the holders will receive Jervois shares.

Project Updates

Idaho Cobalt Operations ("ICO"), United States

Since taking ownership of Idaho Cobalt Operations ("ICO") in July 2019, Jervois conducted drilling during the last six months of the year to better understand and de-risk the Mineral Resource Estimate ("MRE") for the bankable feasibility study ("BFS"). The BFS remains on track to be completed by the end of the March quarter.

In December, Jervois released results from a successful infill and metallurgical programme of 3,125m (19 holes) of diamond drilling which included high grade cobalt ("Co") intercepts up to 2.83% Co in the main Ram resource zone and hanging wall zones. Selected composite intervals included 4.6m @ 1.14% Co, 2.75% Cu, 1.01g/t Au; 3.5m @ 1.46% Co, 2.75% Cu, 1.83g/t Au, 5.4m @ 0.60% Co, 1.36% Cu, 0.74g/t Au and 3.7m @ 1.07% Co, 0.13% Cu, 0.69g/t Au. All holes targeting the previously modelled Ram resource intersected mineralisation, representing an increase of over 20% of all resource grade holes undertaken on the Ram deposit.

After quarter end, Jervois released the updated ICO Mineral Resource Estimate ("MRE"), being prepared to support the ICO BFS. The model was independently audited by CSA Global (an ERM Group company) ahead of its publication and imminent release to lenders and their technical advisers associated with ICO project financing.

The updated MRE used modified methodology to improve estimation using industry standard applications for narrow orebodies. This involved block rotation and adoption of a smaller cell size than previously used, as the previous MRE released 7 February 2018 was unrotated and used cell sizes not conducive to the narrow high-grade interzone intercepts found in the Main Ram zone. The updated ICO MRE increased contained Measured cobalt resources by 22% in comparison to earlier estimates. Total tonnage of Measured and Indicated contained cobalt resources (available for conversion under JORC into Reserves) also rose by 22%.

For personal use only

Table 1: 2020 Updated MRE for ICO using 0.15% Co cut-off

Category	Resource (M Tons)	Resource (M tonnes)	Co (%)	Co (M lbs)	Cu (%)	Cu (M lbs)	Au (oz/Ton)	Au (g/tonne)	Au (oz)
Measured[(1)]	2.92	2.65	0.45	26.2	0.59	34.4	0.013	0.45	38,000
Indicated[(1)]	2.85	2.59	0.42	23.8	0.80	45.7	0.018	0.62	51,000
M+I	**5.77**	**5.24**	**0.44**	**50.1**	**0.69**	**80.1**	**0.015**	**0.53**	**89,000**
Inferred[(2)]	1.73	1.57	0.35	12.0	0.44	15.2	0.013	0.45	23,000

1. Mineral Resources are not Mineral Reserves and by definition do not have demonstrated economic viability. The Mineral Resources in this news release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council (2014).
2. This MRE includes Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
3. The Cobalt cut-off grade for inclusion in the resource is 0.15%, no consideration of copper or gold content was used in determination of cut-off grade.
4. Contained metal values and totals may differ due to rounding of figures.

The updated Resource has an adjusted cut-off of 0.15% Co, which Jervois considers to be more representative of future cobalt pricing, based on potential shortages of ethically sourced cobalt as battery demand increases and more in-line with current practice.

More detail on the ICO MRE update is available in the Company's ASX Announcement dated 22 January 2020 and on the Company's SEDAR profile.

Metallurgical samples were taken from all Ram intercepts and are currently undergoing testwork at SGS Lakefield (Canada). Results will be fed into the BFS update and have provided concentrate samples for marketing under the split cobalt and copper concentrates regime currently in place.

In the December quarter, two holes were also extended to explore the footwall of the Ram deposit, with successful results for both step out exploration holes reported in October 2019. The Ram deposit resource remains open at depth and along strike offering opportunities for expansion. The initial footwall exploration results confirm an extension of the Blackbird mine horizons, resulting in the opportunity to further explore the Blacktail North extension zone on strike and dip. An extensive drill programme is planned during the US summer of 2020.

Jervois' confidence in the economic potential of the resource is growing as it generates more information for the updated ICO BFS. There is significant potential to operate at higher production rates than currently formalised under existing feasibility studies in an environmentally responsible manner.. This will require no modification to the existing ICO operating permits which currently cap ore production at 1,200 short tons per day ("stpd"). Similar to the audit role of CSA Global on the MRE, the Wood Group (who are also undertaking the ICO refinery scoping study) were appointed in Q4 2019 to undertake an audit of ICO operating permits ahead of appointment of lender Independent Engineers.

The BFS continues on schedule, with mine design now underway following completion of the updated MRE. Cut off grade trade offs and optimisation is currently underway, with detailed stope and access ramp design to follow. Metallurgical testwork at SGS Lakefield is progressing well with ore from the central zone of the Ram orebody used as representative of the first five years of production at various cobalt-copper-gold ratios. Flowsheet design for a 1,200stpd split cobalt-copper concentrator has been developed using conventional equipment: primary jaw crusher, SAG and ball mill, rougher and cleaner flotation, concentrate filtration and underground paste deposition and dry stack tailings and utilizing a significant amount of previously acquired equipment, prior work and embedded infrastructure. Particular focus by lead engineers DRA Global and

For personal use only

M3 Engineering has been on leveraging the significant sunk capital invested on site to date. Physical concentrate samples continue to be despatched to customers for testing.

In December 2019, an ICO Information Memoranda ("IM") was sent to selected senior lenders. Indicative proposals have been received, and Jervois has engaged John Snelling, Executive Director of Magma Capital, a debt advisory firm, to assist the Board in the debt financing initiatives.

Ugandan Exploration Properties

Kilembe Area

Jervois holds six exploration licences (the "Kilembe Area Properties") totaling around 700km^2, in the region of the old Falconbridge operated Kilembe copper-cobalt mine.

Jervois commenced diamond core drilling in late October. Drilling at the Kilembe Area Properties targeted surficial Au-Cu mineralization detected through earlier geochemical programmes. In total, 1,905m diamond drilling was completed in 17 holes drilled at the Kilembe Area Properties. Results received to date include highlights of:

- 9.9m @ 1.37 grams per tonne gold ("g/t Au") from 29m – hole 19DDHS001
    - Including 0.45m @ 9.98 g/t Au; 0.1 percent copper ("% Cu") from 34.05m
    - Including 1.9m @ 3.59 g/t Au from 37.0m
- 2.0m @ 723 grams per tonne silver ("g/t Ag"); 0.15% Cu from 127m – hole 19DDHS003
- 13.5m @ 0.52 g/t Au from 32.5m – hole 19DDHS005
- 1.8m @ 2.92 g/t Au from 50.7m – hole 19DDHS005
    - Including 0.8m @ 6.26 g/t Au; 0.36% Cu from 50.7m
- 1.0m @ 0.65 g/t Au; 1.66% Cu from 38.2m – hole 19DDHS012
- 2.0m @ 1.49 g/t Au from 54.0m – hole 19DDHS012

Further groundwork at the Kilembe Area Properties, including ground geophysics; soil and rock chip sampling, and prospecting have extended the strike length of mineralization at surface to over 6.0km, of which only 1.5km has been tested and which remains open on all sides. Newly discovered rock chip sample highlights include: 41.0 g/t Au; 20.5 g/t Au; 10.3 g/t Au and 9.8 g/t Au. The majority of assay results from the initial drill programme have not yet been received by the Company. Drilling continues into Q1 2020, with the latest assay results informing the position of new drill collars.

Bujagali

Bujagali is an area in south central Uganda with excellent access and logistics, where Jervois has five ELs covering approximately 1,350km^2.

Jervois completed Phase 1 drilling at Bujagali, which targeted the Waragi and Bombo anomalies. In total, five diamond holes were drilled at Bombo (totaling 1,325m), and an initial 12 diamond holes (or 2,225m) at Waragi. Jervois reported results from this programme in October 2019.

Phase 2 drilling targeted anomalies detected through earlier geochemical and geophysical (IP) programmes with an additional 10 diamond holes (1,740m) at the Waragi area. Highlights from partial results received include 1.5m @ 0.23% Co from 13.5m (hole 19DDHW011) and 1.0m @ 0.20% Co (hole 19DDHW010) from 13.4m. Results for holes 19DDHW015-019 are pending.

For personal use only

Nico Young Nickel-Cobalt Project, New South Wales, Australia

Negotiations continue with regard to an industrial partner committing to fund a BFS in exchange for partial off-take rights. Jervois remains confident that the lower capital and technical risk flowsheet of nickel-cobalt heap leaching in the eyes of potential customers, distinguishes Nico Young from its Australian laterite peers.

Kabanga Offer

In late December, the Government of Tanzania announced a pre-qualification tender for the development of the Kabanga nickel-cobalt deposit, in the Kagera Region of Tanzania. Jervois dispatched a team of executives and advisers to Tanzania in January to finalise its application, which was submitted on Friday 17 January, ahead of the deadline.

Jervois believes the Kabanga sulphide deposit, which has been the subject of approximately US$250 million of expenditure and a definitive feasibility study ("DFS") by previous owners, to be the highest quality undeveloped nickel-cobalt deposit in the world, unmatched in scale and grade. As currently delineated, the JORC Resource represents 57Mt of easily floatable sulphide ore at 2.62% Ni, 0.20% Co and 0.35% Cu (Glencore Annual Report 2017, page 215). Kabanga's scale of mineral resource places the province squarely among the great nickel-cobalt basins in the world, comparable to Thompson Manitoba, Jinchuan and Voisey's Bay.

Jervois believes that it can finance, construct and operate in compliance with Tanzania's mining laws and regulations, including the domestic processing of concentrate. Jervois's revised offer to the Tanzanian Government meets, and in many respects, exceeds the requirements of the tender.

NON-CORE ASSETS

All Jervois's non-core assets are summarized on the Company's website, and the following progress occurred during the quarter:

Khartoum Tin Project, Herberton, Queensland Australia

Discussions on a potential sale of the project continued.

Arunta West JV (Jervois 49%)

During the quarter, the JV operator Norwest Minerals Ltd (ASX: NWM) completed a 12,330m RC drilling program to meet the next earn-in milestone. Anomalous assays for copper and zinc were reported by the operator, however no economic grades were intercepted. Jervois continues to monitor the progress of the non-contributing second stage earn-in.

For personal use only

OVERALL PERFORMANCE

On 21 May 2019, the Company's Shares were granted conditional approval to be admitted to official quotation on the TSXV under the Code "JRV". The Shares of the Company were admitted to official quotation on 21 June 2019.

The Group's operating segments are outlined below.

Australia	Includes Nico Young and other tenement licenses held.
Uganda	Prospective exploration licences held in Uganda, acquired through the acquisition of M2 Cobalt finalised in June 2019.
Canada	Exploration licenses acquired through the completion of the M2 Cobalt transaction and the eCobalt Solutions acquisition completed 24 July 2019.
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 corporate costs, including acquisition costs and financing costs. This is not a reportable segment.

During the three months and six months ended December 31, 2019 the following results were recorded:

As at the three months ended 31 December 2019	**Australia** **A$**	**Canada** **A$**	**Uganda** **A$**	**USA** **A$**	**Other** **A$**	**Total** **A$**
Revenue	-	-	-	-	3,100,000	**3,100,000**
Cost of sales	-	-	-	-	-	**-**
Other income	-	-	-	27,969	-	**27,969**
Segment expense	-	-	-	(245,613)	(3,843,614)	**(4,089,227)**
Depreciation and amortisation	-	-	-	(171,551)	(8,708)	**(180,259)**
Net finance costs	-	-	-	-	16,484	**16,484**
Net foreign exchange gain / (loss)	-	-	-	(67,181)	(16,935)	**(84,116)**
Income tax expense	-	-	-	-	-	**-**
Segment result	-	-	-	(456,377)	(752,773)	**(1,209,149)**
Segment assets	10,181,185	2,432,997	20,331,470	79,912,602	11,602,739	**124,460,994**
Segment liabilities	-	-	(180,099)	(12,742,221)	(750,929)	**(13,673,249)**

As at the six months ended 31 December 2019	**Australia** **A$**	**Canada** **A$**	**Uganda** **A$**	**USA** **A$**	**Other** **A$**	**Total** **A$**
Revenue	-	-	-	-	3,100,000	**3,100,000**
Cost of sales	-	-	-	-	-	-
Other income	-	-	-	47,768	-	**47,768**
Segment expense	(15,584)	-	-	(413,029)	(7,153,373)	**(7,581,986)**
Depreciation and amortisation	-	-	-	(172,533)	(8,996)	**(181,528)**
Net finance income	-	-	-	-	39,466	**39,466**
Net foreign exchange gain	-	-	-	(29,518)	5,887	**(23,631)**
Income tax expense	-	-	-	-	-	-
Segment result	(15,584)	-	-	(567,312)	(4,017,015)	**(4,599,911)**
Segment assets	10,181,185	2,432,997	20,331,470	79,912,602	11,602,739	**124,460,994**
Segment liabilities	-	-	(180,099)	(12,742,211)	(750,929)	**(13,673,249)**

For personal use only

The comparative results for the three months and six months ended December 31, 2018 are set out below:

As at three months ended 31 December 2018	Australia A$	Canada A$	Uganda A$	USA A$	Other A$	Total A$
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Other income	-	-	-	-	34,230	**34,230**
Segment expense	-	-	-	-	(3,067,799)	**(3,067,799)**
Depreciation and amortisation	-	-	-	-	(25,671)	**(25,671)**
Net finance costs	-	-	-	-	-	-
Net foreign exchange gain / (loss)	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Segment result	-	-	-	-	**(3,059,240)**	**(3,059,240)**
Segment assets	9,775,587	-	-	-	9,887,618	**19,663,205**
Segment liabilities	-	-	-	-	(583,701)	**(583,701)**

As at six months ended 31 December 2018	Australia A$	Canada A$	Uganda A$	USA A$	Other A$	Total A$
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Other income	-	-	-	-	49,791	49,791
Segment expense	(11,464)	-	-	-	(3,771,277)	(3,782,741)
Depreciation and amortisation	-	-	-	-	(25,671)	(25,671)
Net finance income	-	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Segment result	(11,464)	-	-	-	(3,747,157)	**(3,758,621)**
Segment assets	9,775,587	-	-	-	9,887,618	**19,663,205**
Segment liabilities	-	-	-	-	(583,701)	**(583,701)**

The key items impacting the overall performance of the Company are:

- On June 19, 2019 the acquisition of M2 was completed and resulted in an increase in assets of A$20,331,470 from the corresponding period. In addition, liabilities increased by A$180,099 from the corresponding period.
- On July 24, 2019 the acquisition of eCobalt was completed and resulted in an increase in assets of A$79,991,818 from the corresponding period. In addition, liabilities increased by A$12,821,437.
- In the 3 months to December 31, 2019, the Company sold the Bullabulling royalty interest for A$3,100,000 resulting revenue for the period of the same figure.
- During the three and six month period to December 31, 2019, significant one-off expenses were incurred in relation to the acquisition of M2 and eCobalt. In the corresponding period, the expenses relate to general operational costs and business development activities, including travel.
- Following the acquisitions, it is anticipated that expenditure will continue on ICO as the primary project and in Uganda in relation to exploration.
- The Company is currently engaging with potential debt financiers for ICO and this process will impact the overall performance of the Company with respect to timing of the construction of ICO and therefore commercial production. Underlying these negotiations is the current market for cobalt and its importance as a battery metal, in particular for use in Electric Vehicles ("EV"). Continued growth in the take up of EV's will support the long term plans of the Company and in particular ICO.

For personal use only

DISCUSSION OF OPERATIONS

The Company has started preliminary exploration and evaluation activities on its Uganda properties and has completed a preliminary economic analysis ("PEA") of its Nico Young property. Alongside this, updating of the BFS at ICO is ongoing ahead of an anticipated restart of construction activities in H2, 2020. In connection with these activities the Company, has incurred fees related to exploration and professional services to date. As an exploration and development stage company, the Company has not generated revenues to date from its properties. The Company anticipates that to will continue to require debt and equity financing to fund operations until such time as its properties are put into commercial production on a profitable basis. Please see "Description of Business" for management's plans for the Company. The following highlights the key operating expenditures during the current three months ended December 31, 2019.

Three Months Ended December 31, 2019

During the three months ended December 31, 2019, the Company incurred a net loss of A$1,209,149 (2018: A$3,059,280) and comprehensive loss of A$1,209,149 (2018: A$6,818,735). The losses are comprised of the following major items:

- Professional fees of A$609,627 (2018 – A$247,319) includes legal advice on TSXV listing and general advice, accounting and investor relations.
- Professional Fees related to Transaction Costs of A$280,857 (2018 - Nil) was mainly related to completing the final post-closing matters related to the acquisition of M2 and eCobalt.
- Employee Costs of A$444,540 (2018 - A$155,215) included amounts paid to the CEO, Directors and other senior management. The increased amount reflects the enlarged group following the acquisitions.
- Share-based compensation of A$2,039,852 (2018 - A$2,708,706) was the fair value of the stock options expensed over their vesting periods.
- Security quotations and filing fees of A$181,967 (2018 - A$22,414) were incurred mostly for listing on ASX, TSXV, and the application to list on OTCQB and annual fees.
- Administrative expenses of A$96,329 (2018 - A$8,146) is mainly paid for offices and related services and increased due to the acquisitions of M2 and eCobalt.
- Other Expenses of A$201,546 (2018 - A$7,999) includes travel and related expenses and was for trips to Canada, USA, Asia and Africa for the acquisitions and project development.

The Company completed exploration and development activities on its ICO and Uganda projects in the quarter. During the quarter ended December 31, 2019, the Company incurred A$2,927,444 on its exploration programs.

Six-month period ended December 31, 2019 and 2018 –

During the six months ended December 31, 2019, the Company incurred a net loss of A$4,599,911 (2018 - A$3,758,621) and comprehensive loss of A$4,176,034. (2018 – A$7,518,076). The losses are comprised of the following major items:

- Professional Fees of A$988,413 (2018 – A$344,212). including consultants not capitalized to projects of A$252,204, legal services of A$444,526, accounting services of A$82,499 and investor relations cost of A$133,382.
- Professional fees related to Transaction Costs of A$2,636,845 (2018 - Nil) was related to completing the acquisition of M2 Cobalt Corp and eCobalt Solutions Inc.

For personal use only

- Employee Costs of A$767,921 (2018 - A$438,201) included amounts paid to the CEO, Directors and other senior management.

- Share-based payments of A$2,039,852 (2018 - A$2,708,706) was the fair value of the stock options expensed over their vesting periods.

- Security quotations and filing fees of A$298,654 (2018 - A$80,259) were incurred mostly for the listing on ASX and TSXV, the application to list on OTCQB and annual fees.

- Administrative expenses of A$186,465 (2018 - A$23,510) is mainly paid for offices and related services and increased due to the acquisitions of M2 and eCobalt.

- Travel and related expenses of A$286,222 is included in Other Expenses of A$341,377 (2018 - A$195,083) and was for trips to Canada, USA, Asia and Africa for acquisitions and project development.

The Company completed exploration activities on its ICO and Uganda projects in the six months to December 31, 2019. During the 6 months ended December 31, 2019, the Company incurred A$6,819,208 expenditures on its exploration programs.

QUARTERLY FINANCIAL DATA

The Company became a "reporting issuer" in Canada on June 21, 2019 when its securities were listed on the TSX Venture Exchange. From that date until the end of the 2nd quarter (fiscal period) ending December 31, 2019, the Company was a "designated foreign issuer" within the meaning of Canadian National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers. Accordingly, prior to June 21, 2019, the Company was not subject to Canadian continuous disclosure requirements and, until December 31, 2019, the Company was entitled to comply with Canadian continuous disclosure requirements by filing the materials it was required to file in Australia.

Under applicable Australian law and the requirements of the Australian Securities Exchange (the "ASX"), the Company is not required to and has not historically produced financial statements for the first and third quarters of each fiscal year. Full financial statements are only produced half-yearly and annually. On a quarterly basis, certain cash flow information is publicly reported by the Company to the ASX.

For the foregoing reasons, the Company does not have historical financial statements that would allow it to provide quarterly financial disclosure derived from the Company's financial statements as called for by Canadian Form 51-102F1 – Management's Discussion & Analysis. In lieu of such disclosure, the Company is voluntarily providing quarterly financial information derived from its quarterly cash flow reporting to the ASX and 6-month financial information for the relevant two-year period derived from its published financial statements.

For personal use only

SUMMARY OF QUARTERLY RESULTS

	Three month period ended December 31, 2019 A$,000	Three month period ended September 30, 2019 A$,000	Three month period ended June 30, 2019 A$,000	Three month period ended March 31, 2019 A$,000
Cash and cash equivalents at beginning of period	14,379	4,187	5,161	5,297
Net cash from / (used in) operating activities	(1,508)	(4,705)	(1,308)	285
Net cash from / (used in) investing activities	(987)	(1,365)	333	(421)
Net cash from / (used in) financing activities	-	16,175	-	-
Effect of movement in exchange rates on cash held	(86)	87	-	-
Cash and cash equivalents at end of period	12,426	14,379	4,187	5,161

	Three month period ended December 31, 2018 A$,000	Three month period ended September 30, 2018 A$,000	Three month period ended June 30, 2018 A$,000	Three month period ended March31, 2018 A$,000
Cash and cash equivalents at beginning of period	3,823	4,715	16,642	16,068
Net cash from / (used in) operating activities	1,809	(1,688)	(1,786)	(100)
Net cash from / (used in) investing activities	(335)	596	(10,802)	(43)
Net cash from / (used in) financing activities	-	200	661	717
Effect of movement in exchange rates on cash held	-	-	-	-
Cash and cash equivalents at end of period	5,297	3,823	4,715	16,642

SUMMARY OF SIX-MONTHLY RESULTS

	Six month period ended December 31, 2019 A$,000	Six month period ended June 30, 2019 A$,000	Six month period ended December 31, 2018 A$,000	Six month period ended June 30, 2018 A$,000
Total Revenue	3,100	4,036	49	104
Net loss	(4,599)	(2,242)	(3,758)	(4,493)
Comprehensive Profit / (loss)	(4,176)	(4,716)	(7,518)	(6,806)
Loss per share (cents)	(0.774)	(2.090)	(1.690)	(3.760)

The activities of the Company over the above periods consist of work, including drilling performed to complete the PEA of the Nico Young project as published on SEDAR on 19 June 2018, and following the acquisition of M2 as announced in January 2019, the exploration activities in Uganda. The Company has also undertaken a drilling programme at the ICO in order to support the completion of the updated BFS which commenced following the completion of the acquisition of eCobalt in July 2019. The Company completed a private placement to raise A$16,500,000 in the first quarter of fiscal 2020, with funds being used to execute exploration activities and BFS study work.

On a six month by six month (and quarter-by-quarter) basis the loss can fluctuate significantly due to a number of factors including exploration activities during the period, impairment of assets, and the timing of stock option grants, and changes in nature of the business.

For personal use only

An analysis of the six monthly results over the periods shows a significant change in financial performance primarily due to the sale of non-core assets and royalties in the periods ending June 30, 2019 and December 31, 2019 offsetting an increase in exploration and expenses related to completion of the PEA at Nico Young and the BFS at ICO as well as exploration in Uganda. In addition, the change in fair value of equity instrument resulted in the Comprehensive loss in the periods ended December 31, 2018 and June 30, 2018. This equity instrument comprised a 4.4% shareholding in eCobalt prior to the acquisition of 100% of eCobalt. This change in fair value of equity instrument was significantly less in the June 30, 2019 and December 31, 2019 period.

The acquisitions of both M2 and eCobalt incurred significant one-off expenses that further offset the revenue in the June 30, 2019 and December 31, 2019 period as compared to exploration and evaluation expenses in the earlier periods. These one-off costs consist primarily of legal, initial listing expense and consulting fees.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to-date through the issuance of common shares and the sale of non-core assets. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	December 31, 2019	December 31, 2018
Working capital	A$10,900,989	A$1,958,011

Net cash used in operating activities for the current quarter ending December 31, 2019 was A$1,508,000 (2018 – net cash from operating activities A$1,809,000). The net cash used in operating activities for the current period consists primarily of receipt of A$3,100,000 for the sale of the Bullabulling Royalty less the operating costs.

Net cash used in investing activities for the current quarter was A$987,000 (2018 - A$335,000). Net cash used in investing activities for the period consists primarily of the exploration and expenditure on ICO, and Uganda exploration.

There was no net cash used in financing activities during the current period (2018 – nil).

There can be no assurance that the Company will be able to obtain adequate financing in the future or that terms of such financing will be favorable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Private Placements during the 3 months to December 31, 2019

The Company did not undertake any private placements in the three months to December 31, 2019.

For personal use only

Private Placements during the 6 months to December 31, 2019

In June 2019, the Company announced a private placement of 82,500,000 shares at a price of A$0.20 per share for gross proceeds of A$16,500,000. This placement was completed in August 2019, following completion of the eCobalt transaction. The price represented an 8% premium to the prevailing price on the ASX on 26 June 2019, being the last trading price prior to announcement of the private placement.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company has a related party relationship between two of its management personnel and an external services company, Great Rift Geosciences (Canada) Inc and its wholly owned subsidiary Great Rift Geosciences SMC Ltd (Uganda) (together "Great Rift"). Acquired in June 2019, M2 Cobalt, now a wholly owned subsidiary of Jervois, used Great Rift to provide Ugandan 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. Jervois pays Great Rift a monthly fee of US$30,000. As part of the M2 Cobalt acquisition, two executives were retained by Jervois, Dr. Jennifer Hinton and Mr. Tom Lamb. These executives are also principals and co-owners of Great Rift Geosciences (Canada) Inc. Separate to the management services agreement between the Company and Great Rift, both Dr Hinton and Mr Lamb are engaged as executives of Jervois, holding the positions of Ugandan Country Head and Ugandan Operations Manager respectively.

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. Salaries for Dr. Hinton or Mr. Lamb are handled separately by Jervois.

	31 December 2019 A$	30 June 2019 A$
Management Services – Great Rift	**(262,965)**	-

PROPOSED TRANSACTIONS

There are no proposed transactions.

SUBSEQUENT EVENTS

The directors of the Company have identified the following 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 affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The subsequent events are as follows:

- On January 22, 2020, Jervois released the updated ICO Mineral Resource Estimate ("MRE"), being prepared to support the ICO BFS. The updated ICO MRE increased contained Measured cobalt resources by 22% in comparison to earlier estimates. Further details are set out in the Project Update above.

For personal use only

SIGNIFICANT ACCOUNTING POLICIES, CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors considered relevant under the circumstances. Revisions to estimates on the resulting effects of carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Notes 2 and 3 of its audited consolidated financial statements for the year ended June 30, 2019.

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 ('AASB') that are mandatory for the current reporting period.

Changes in accounting standards

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity has adopted this standard from 1 July 2019.

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Management's Responsibility for Financial Statements

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances

For personal use only

that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company's financial liabilities, accounts payable and accrued liabilities, and other payables, are measured at amortized cost. Its financial assets, cash and interest receivables, are also measured at cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

The Company considers its capital to be the components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company has sufficient working capital to meet its projected minimum financial obligations for the next 12 months.

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of shares issued or issuable
Common shares	641,632,657
Stock options	79,642,475[1, 2]
Other options	19,679,512[2]

Notes:

1) On August 15, 2019, 750,000 share options were granted to an employee with an exercise price of A$0.20 expiring on August 14, 2027, vesting on August 14, 2022; On August 15, 2019, 250,000 share options were granted to a consultant with an exercise price of A$0.20 expiring 5 years from their vesting date and vesting on completion of the ICO Bankable Feasibility Study; On August 15, 2019, 12,500,000 share options were granted to employees with an exercise price of A$0.20 expiring on August 15, 2027, vesting on August 15, 2022; On August 15, 2019, 2,500,000 share options were granted to an employee with an exercise price of A$0.24 expiring on August 15, 2024, vesting on August 15, 2021; On September 2, 2019, 1,250,000 share options were granted to an employee with an exercise price of A$0.225 expiring on September 8, 2027, vesting on September 9, 2022; On October 1, 2019, 5,000,000 share options were granted to an employee with an exercise price of A$0.24 expiring on September 30, 2024, vesting on October 1, 2021; and On October 14, 2019, 2,500,000 share options were granted to an employee with an exercise price of A$0.22 expiring on October 14, 2027, vesting on October 14, 2022.

For personal use only

2) Details of all Options on issue are set out below. The exercise prices referenced below reflect the price each holder would have to pay to acquire one ordinary share of Jervois:

Number	+Class
15,000,000	Options @ A$0.15 until 30 November 2022
400,000	Options @ A$0.345 until 30 May 2024
2,500,000	Options @ A$0.305 until 18 June 2024
5,000,000	Options @ A$0.29 until 30 September 2023
7,500,000	Options @ A$0.295 until 1 July 2023
2,500,000	Options @ A$0.24 until 1 June 2024
2,507,500	Options @ C$0.20 until 12 October 2020
3,150,000	Options @ C$0.50 until 23 January 2021
200,000	Options @ C$0.63 until 22 March 2021
375,000	Options @ C$0.34 until 22 March 2021
9,367,012	Other Options @ C$0.80 until 17 January 2020
2,205,225	Options @ C$0.12 until 27 April 2020
2,714,250	Options @ C$0.36 until 6 September 2021
3,654,750	Options @ C$0.71 until 28 June 2022
288,750	Options @ C$0.70 until 5 October 2022
231,000	Options @ C$1.16 until 11 January 2023
165,000	Options @ C$0.85 until 12 March 2023
206,250	Options @ at C$0.84 until 6 April 2023
4,191,000	Options @ C$0.61 until 28 June 2023
123,750	Options@ C$0.50 until 24 September 2023
1,980,000	Options @ C$0.53 until 1 October 2023
10,312,500	Other Options @ C$0.24 until 14 April 2021
750,000	Options @ A$0.20 exercisable until 14 August 2027
250,000	Options @A$0.20 exercisable until 5 years after their vesting date
12,500,000	Options @ A$0.20 exercisable until 15 August 2027
2,500,000	Options @ A$0.24 exercisable until 15 August 2024
1,250,000	Options @ A$0.225 exercisable until 8 September 2027
5,000,000	Options @ A$0.24 exercisable until 30 September 2024
2,500,000	Options @ A$0.22 exercisable until 14 October 2027

RISK FACTORS

Currency risk

A portion of the Company's expenses are incurred in Canadian dollars and United States dollars and financial instrument balances are held in these currencies. A change in the currency exchange rates between the Australian dollar relative to the Canadian dollar or the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows. However, as the Company does not maintain significant cash balances in foreign currencies and settles any transactions in foreign currencies quickly, its exposure to currency risk is considered insignificant as at December 31, 2019 and 2018.

For personal use only

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is limited to its cash. The Company limits exposure to credit risk by maintaining its cash with large Australian financial institutions.

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2019, the Company had a cash balance of A$12,425,816 to settle current liabilities of A$2,241,854. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Price risk

The consolidated entity is exposed to price risk on its investments in other listed entities. The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices.

Financing Risks

The Company will require financing in the future to continue in business and there can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

Business risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be broadly categorized as environmental, operational, financial, regulatory and foreign country risks.

Environmental and other Regulatory Risk

Jervois' current and future activities are subject to extensive laws and regulations, which include laws and regulations governing, among other things: exploration; development; production; exports; taxes; labour standards; mining royalties; price controls; waste disposal; protection and remediation of the environment; reclamation; historic and cultural resource preservation; mine safety and occupational health; handling; storage and transportation of hazardous substances; and other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing mines and other facilities in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that Jervois would not proceed with the development of a mineral deposit.

For personal use only

As part of its normal course of operating and development activities, Jervois has expended significant resources, both financial and managerial, to comply with governmental and environmental regulations and permitting requirements, and will continue to do so in the future. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies there under, and claims for damages to property and persons resulting from Jervois' operations, could result in additional substantial costs and liabilities, restrictions on or suspension of Jervois' activities and delays in the exploration of and development of its properties.

Jervois is required to obtain governmental permits to develop its Mineral Resources and for expansion or advanced exploration activities at its properties. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous agencies and other interested parties. There can be no certainty that these approvals will be granted to us in a timely manner, or at all. The duration and success of each permitting effort are contingent upon many variables not within Jervois' control. Governmental approvals, licenses and permits are subject to the discretion of the applicable governments or governmental officials and potentially consideration of other parties' interests or rights. In the context of environmental protection permitting, including the approval of reclamation plans, Jervois must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. No assurance can be given that Jervois will be successful in obtaining or maintaining any or all of the various approvals, licenses and permits required to operate its businesses in full force and effect or without modification or revocation. The failure to obtain or renew certain permits, or the imposition of extensive conditions upon certain permits, could have a material adverse effect on Jervois' business, operations and financial condition.

Commodity Prices

The price of the Jervois Shares and Jervois' financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in demand or uses for cobalt and nickel on the discovery of new supplies of cobalt and nickel, any or all of which could result in a demand to the price of cobalt and nickel or a decrease in the ability to sell cobalt and nickel. Metal prices fluctuate widely and are affected by numerous factors beyond Jervois' control. Even if Jervois' projects are ultimately determined to be economically viable, the impact on operations may require a reassessment of the feasibility and cause substantial delays or interruption. Jervois' value and future venue, if any, are in large part derived from such commodity prices or the mining and sale of metal ores or interests related therein. The effect of these factors on the price of magnetic metals, and therefore the economic viability of any of Jervois' exploration projects, cannot be accurately predicted.

Foreign Operation Risk

Certain of Jervois' projects and operations are located in Uganda, a developing country which has historically experienced periods of civil unrest and political and economic instability. As such the operations of Jervois may be exposed various level of political, economic and other risks and uncertainties. Although the political and economic climate in Uganda is currently stable, any negative changes in laws, government, regulations, economic conditions or political attitudes in Uganda are beyond the control of Jervois and may adversely affect its business. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation and mining laws, regulations and policies, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business.

As a result of the limited but improving infrastructure present in Uganda, land titles systems are not developed to the extent found in many developed nations. Although Jervois believes that it will have good title to the mineral properties in Uganda, there is little it can do to control this risk. Jervois holds rights to explore mineral properties in Uganda, but no assurance can be given that the Ugandan government will not revoke or significantly alter the conditions of the applicable licenses and that

For personal use only

such licenses will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to Jervois. There can be no assurance that claims by third parties against Jervois' properties will not be asserted at a future date.

Reliance Management and Key Personnel

Jervois relies heavily on its existing management. Recruiting and retaining qualified personnel is critical to Jervois' success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. Jervois believes that it has been successful in recruiting excellent personnel to meet its corporate objectives but, as the Jervois' business activity grows, it may require additional key financial, administrative and mining personnel. Although Jervois believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success. In the event that Jervois is unable to attract additional qualified personnel, its ability to grow its business or develop its existing properties could be materially impaired.

Calculation of Resources and Reserves

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being mined or dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on mineral prices. Any material change in the quantity of reserves, resources, grade or stripping ratio may affect the economic viability of Jervois' properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Foreign Currency Risk

Currency exchange rates may impact the cost of exploring Jervois' projects and investments overseas. Jervois' financings are usually in Australian dollars and its exploration and development costs have been, and will be, incurred primarily in Australian dollars, Canadian dollars and US dollars. Fluctuations in the exchange rates between these currencies may impact Jervois' exploration activities and financial results, and there is no assurance that such fluctuations, if any, will not adversely affect Jervois' operations.

Pre-existing environmental liabilities

Pre-existing environmental liabilities may exist on the properties in which Jervois currently holds an interest or on properties that may be subsequently acquired by Jervois which are unknown to Jervois and which have been caused by previous or existing owners or operators of the properties. In such event, Jervois may be required to remediate these properties and the costs of remediation could be substantial. Further, in such circumstances, Jervois may not be able to claim indemnification or contribution from other parties. In the event Jervois was required to undertake and fund significant remediation work, such event could have a material adverse effect upon Jervois and the value of its securities.

Infrastructure

Jervois' business depends on adequate infrastructure, including reliable power sources, water supply, roads and other infrastructure. Water shortages, power outages, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect Jervois' business, financial condition and results of operations.

For personal use only

Community Relations

In order to develop a mine, it will be necessary to secure surface right agreements with the local communities and there can be no assurance that Jervois will be successful in these efforts.

ADDITIONAL INFORMATION

Additional information about the Company is available on the Company's website, www.jervoismining.com.au and on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The Board of Directors of the Company has approved this MD&A.

COMPETENT PERSON'S STATEMENT

The information in this release that relates to Mineral Exploration is based on information compiled by David Selfe who is a full time employee of the company and a Fellow of the Australasian Institute of Mining and Metallurgy and Dean Besserer, P.Geol. who is the GM Exploration for the Company and a member of The Association of Professional Engineers and Geoscientists of Alberta. The information in this release that relates to Mineral Resource Estimates is based on information compiled by David Selfe. Both David Selfe and Dean Besserer have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Selfe and Dean Besserer consent to the inclusion in the release of the matters based on their information in the form and context in which it appears.

QUALIFIED PERSON'S STATEMENT

The technical content of this news release has been reviewed and approved by Dean Besserer, P.Geol., who is the GM Exploration for the Company and a Qualified Person as defined by National Instrument 43-101.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For personal use only

For personal use only

Jervois Mining Limited

(ABN 52 007 626 575)

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited)

For the three and six months ended 31 December 2019

and 31 December 2018

TABLE OF CONTENTS

Condensed Consolidated statement of financial position	3
Condensed Consolidated statement of profit or loss and other comprehensive income	4
Condensed Consolidated statement of changes in equity	5
Condensed Consolidated statement of cash flows	7
Notes to the financial statements	8

For personal use only

For personal use only

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Financial Position

As at 31 December 2019 and 30 June 2019 (Unaudited)

	Note	31 December 2019 A$	30 June 2019 A$
Current assets			
Cash and cash equivalents	9	**12,425,816**	4,186,702
Trade and other receivables	10	**239,687**	324,294
Prepayments and other current assets		**391,876**	70,496
Inventories		**85,464**	-
Total current assets		**13,142,843**	4,581,492
Non-current assets			
Security deposits		**177,500**	177,500
Exploration and evaluation	11	**49,329,591**	27,396,513
Property, plant and equipment	12	**58,246,990**	935,255
Intangible assets		**482,224**	-
Reclamation bond	13	**3,081,846**	-
Financial assets at fair value through other comprehensive income		**-**	1,737,347
Total non-current assets		**111,318,151**	30,246,615
Total assets		**124,460,994**	34,828,107
Current liabilities			
Trade and other payables	14	**1,971,198**	2,581,740
Employee benefits	15	**270,656**	41,741
Total current liabilities		**2,241,854**	2,623,481
Non-current liabilities			
Deferred tax liabilities		**38,886**	-
Employee benefits	15	**16,433**	15,296
Provision for site reclamation and closure costs	16	**11,376,076**	-
Total non-current liabilities		**11,431,395**	15,296
Total liabilities		**13,673,249**	2,638,777
Net assets		**110,787,746**	32,189,330
Equity			
Share capital	17	**164,396,559**	85,932,334
Reserves		**12,897,322**	695,577
Accumulated losses		**(66,506,135)**	(54,438,581)
Total equity attributable to equity holders of the Company		**110,787,746**	32,189,330

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

Approved on behalf of the Board on February 18, 2020:

(signed) "Peter Johnston"_____ (signed) "Bryce Crocker"___

Peter Johnston, Director Bryce Crocker, Director

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019 and 31 December 2018 (Unaudited)

	Note	**Three months ended 31 December 2019 A$**	Three months ended 31 December 2018 A$	**Six months ended 31 December 2019 A$**	Six months ended 31 December 2018 A$
Revenue		**3,100,000**	-	**3,100,000**	49,791
Other income		**27,969**	-	**47,768**	-
Administrative expenses		**(96,329)**	(8,146)	**(186,465)**	(23,510)
Communication expenses		**(28,051)**	(5,348)	**(65,764)**	(10,056)
Employee benefits expenses		**(444,540)**	(155,215)	**(767,921)**	(438,201)
Share based payments	18	**(2,039,852)**	(2,708,706)	**(2,039,852)**	(2,708,706)
Insurance premiums		**(80,742)**	(1,188)	**(105,033)**	(68,250)
Professional fees		**(609,627)**	(247,319)	**(988,413)**	(344,212)
Securities quotation fees		**(181,967)**	(22,414)	**(298,654)**	(80,259)
Tenancy and property costs		**(10,800)**	(11,464)	**(10,800)**	(11,464)
Other expenses		**(201,546)**	(7,999)	**(341,377)**	(195,083)
Depreciation and amortisation		**(180,259)**	(25,671)	**(181,528)**	(25,671)
Professional fees incurred with M2 Cobalt and eCobalt acquisitions		**(280,857)**	-	**(2,636,845)**	-
Fair value adjustment		**(91,942)**	97,000	**(92,536)**	97,000
Loss on sale of fixed assets		**(22,974)**	3,000	**(48,326)**	-
Net foreign exchange gain/(loss)		**(84,116)**	-	**(23,631)**	-
Net finance income		**16,484**	34,190	**39,466**	-
Loss before income tax expense		**(1,209,149)**	(3,059,280)	**(4,599,911)**	(3,758,621)
Income tax expense		**-**	-	**-**	-
Loss for the year		**(1,209,149)**	(3,059,280)	**(4,599,911)**	(3,758,621)
Loss after income tax expense for the half-year attributable to the owners of Jervois Mining Limited		**(1,209,149)**	(3,059,280)	**(4,599,911)**	(3,758,621)
Other comprehensive income:					
Items that may be subsequently reclassified to the profit or loss:				**-**	-
Exchange reserve arising on translation of foreign operations		**-**	-	**(592,193)**	-
Change in fair value of equity instrument at FVOCI		**-**	(3,759,455)	**1,016,070**	(3,759,455)
Total comprehensive income for the year attributable to the owners of Jervois Mining Limited		**(1,209,149)**	(6,818,735)	**(4,176,034)**	(7,518,076)
(Loss) per share for the year attributable to the owners of Jervois Mining Limited					
Basic (loss) per share (cents)	8	**(0.195)**	(1.380)	**(0.743)**	(1.690)
Diluted (loss) per share (cents)	8	**(0.195)**	(1.380)	**(0.743)**	(1.690)

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

For personal use only

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019 and 31 December 2018 (Unaudited)

	Notes	Issued capital A$	Share Capital reserve A$	Share based payment reserve A$	Financial assets reserve A$	Foreign currency translation reserve A$	Retained earnings A$	Total A$
Balance as at 1 July 2019		85,932,334	-	9,242,164	(8,483,713)	(62,874)	(54,438,581)	32,189,330
Total comprehensive income								
Profit or (loss)		-	-	-	-	-	(4,599,911)	(4,599,911)
Other comprehensive income								
Foreign currency translation differences for foreign operations		-	-	-	-	(592,193)	-	(8,059,837)
Change in fair value of equity instrument at FVOCI		-	-	-	1,016,070	-	-	8,483,713
Total comprehensive income for the period		-	-	-	1,016,070	(592,193)	(4,599,911)	(4,176,034)
Transfer to retained earnings		-	-	-	7,467,643	-	(7,467,643)	-
Transactions with owners, recorded directly in equity								
Issue of ordinary shares		78,788,850	-	-	-	-	-	78,788,850
Costs of raising equity		(324,625)	-	-	-	-	-	(324,625)
Value of options issued		-	2,245,119	-	-	-	-	2,245,119
Share based payment transactions		-	-	2,065,106	-	-	-	2,065,106
Total transactions with owners		78,464,225	2,245,119	2,065,106	-	-	-	5,896,226
Balance at 31 December 2019		164,396,559	2,245,119	11,307,270	-	(655,067)	(66,506,135)	110,787,746

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

For personal use only

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019 and 31 December 2018 (Unaudited)

	Notes	Issued capital A$	Share based payment reserve A$	Financial assets reserve A$	Foreign currency translation reserve A$	Retained earnings A$	Total A$
Balance as at 1 July 2018		70,473,999	3,912,085	(2,313,566)	-	(48,437,137)	23,635,381
Total comprehensive income							
Profit or (loss)		-	-	-	-	(3,758,621)	(3,758,621)
Other comprehensive income							
Foreign currency translation differences for foreign operations		-	-	-	-	-	-
Change in fair value of equity instrument at FVOCI				(3,759,455)	-	-	(3,759,455)
Total comprehensive income for the period		-	-	(3,759,455)	-	(3,758,621)	(7,518,076)
Transactions with owners, recorded directly in equity							
Issue of ordinary shares		-	-	-	-	-	-
Costs of raising equity		-	-	-	-	-	-
Options exercised		200,000	-	-	-	-	200,000
Value of options issued		-	-	-	-	-	-
Share based payment transactions		-	2,748,113	-	-	-	2,748,113
Value of options exercised		260,636	(260,636)	-	-	-	-
Total transactions with owners		460,636	2,487,477	-	-	-	5,896,226
Balance at 31 December 2018		70,934,635	6,399,562	(6,073,021)	-	(52,195,758)	19,065,418

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

For personal use only

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows

For the three months and six months ended 31 December 2019 and 31 December 2018 (Unaudited)

	Note	**Three months ended 31 December 2019 A$**	Three months ended 31 December 2018 A$	**Six months ended 31 December 2019 A$**	Six months ended 31 December 2018 A$
Cash flows from operating activities					
Receipts from customers		**3,100,000**	3,740,000	**3,100,000**	4,340,000
Sundry income		**27,969**	-	**47,768**	1,636
Payments to suppliers and employees		**(1,264,522)**	(477,537)	**(2,720,947)**	(1,094,395)
Merger costs		**(347,719)**	-	**(2,543,109)**	-
Net cash inflow/(outflow) from operating activities		**1,515,727**	3,262,463	**(2,116,287)**	3,247,241
Cash flows (used in)/from investing activities					
Interest received		**16,496**	10,699	**39,483**	24,624
Payments for property, plant and equipment	12	**(76,774)**	(336,262)	**(239,990)**	(337,986)
Payments for exploration and evaluation	11	**(3,322,187)**	(1,464,737)	**(6,614,469)**	(3,151,365)
Proceeds from sale of investments		**-**	-	**-**	597,000
Funds from subsidiary acquired	5	**-**	-	**994,350**	-
Payments/refunds - security deposits and advances		**-**	1,701	**-**	1,701
Net cash (used in) investing activities		**(3,382,464)**	(1,788,599)	**(5,820,625)**	(2,866,026)
Cash flows from financing activities					
Proceeds from issue of shares	17	**-**	-	**16,500,000**	200,000
Share issue transaction costs	17	**-**	-	**(324,625)**	-
Net cash from financing activities		**-**	-	**16,175,375**	200,000
Net in cash and cash equivalents		**(1,866,737)**	1,473,864	**8,238,463**	581,215
Cash and cash equivalents at beginning of the period		**14,378,910**	3,822,783	**4,186,702**	4,715,432
Effects of exchange rate changes on cash and cash equivalents		**(86,357)**	-	**651**	-
Cash and cash equivalents at the end of the period	9	**12,425,816**	5,296,647	**12,425,816**	5,296,647

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

For personal use only

For personal use only

1. Corporate Information

The financial statements cover Jervois Mining Limited ("Jervois") as a consolidated entity consisting of Jervois Mining Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Jervois's functional and presentation currency.

Jervois is a listed public company limited by shares, incorporated in Australia, with a registered office at:
Suite 508, 737 Burwood Road, Hawthorn East, Victoria, 3123, Australia

2. Principal activities

The principal activity of the consolidated entity during the year was mineral exploration and evaluation and mine construction, including associated metallurgical test work and research and development activities.

3. Basis of preparation

Statement of compliance

The interim consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (AASB 134 Interim Financial Reporting) adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001, with the exception of requirements pertaining to the Directors' report.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2019. 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 (IFRSs) adopted by the International Accounting Standards Board (IASB).

The same accounting policies, presentation and methods of computation have been followed in these half-year financial statements as were applied in the preparation of the Group's financial statements for the year ended 30 June 2019.

4. Changes in accounting standards

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity has adopted this standard from 1 July 2019 and did not result in a material impact to the financial statements of the Group.

For personal use only

5. Acquisition of eCobalt Solutions Inc (Provisional)

Acquisition of eCobalt Solutions Inc

On the 24 July 2019 Jervois completed the acquisition of eCobalt Solutions ("eCobalt"). eCobalt owned 100% of a cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho, the Idaho Cobalt Operations (the "ICO"). The ICO comprises the largest NI 43-101 compliant cobalt resource in the United Sates, with the deposit open along strike and at depth, Jervois believes that it has significant opportunity for additional expansion.

The ICO is an advanced-stage project with approximately US$100 million invested to date in mineral resource definition, plant and infrastructure. The mine and mill site are located on National Forest lands, and activities must adhere to United States Forestry Service ("USFS") and Environmental Protection Authority ("EPA") requirements – the site is permitted, and has an approved Plan of Operations, for production of up to 1,200 short tonnes per day of ore.

Significant pre-works have been undertaken at site, with earthworks completed (construction of access and haul road, portal bench, mill and concentrator pads and water retention and tailings ponds) and milling equipment purchased (ball mill, flotation circuits, grizzlies, hoppers and conveyers). An advanced water treatment plant and control wells have been installed, main power substation and power lines have been extended to the portal bench and concentrator facilities, with access to competitive grid power connected in 2018, along with major civil and earth works progressed including concrete foundations for the concentrator.

The Group has accounted for the acquisition of eCobalt as a business combination effective 24 July 2019 as required under accounting standard AASB 3 Business Combinations. In accounting for the business combination, the Group has recognised and measured the fair value of the consideration, the fair value of the assets acquired and liabilities and contingent liabilities assumed at that date. As permitted by AASB 3, the Group has accounted on a provisional basis as the initial accounting for a business combination was incomplete at the end of the reporting period in which the combination occurred.

a) Consideration transferred

On 22 July 2019, Jervois announced eCobalt shareholders as well as Jervois shareholders had approved the merger of the companies. The merger received approval from the British Columbia (Canada) Supreme Court and completed on 24 July 2019, with Jervois acquiring all issued and outstanding common shares of eCobalt it did not already own in exchange for 1.65 ordinary shares of Jervois for each eCobalt share.

	2019
Purchase consideration	**A$**
Cash paid	-
Shares issued (i)	60,405,024
Fair value of options (ii)	1,320,428
Fair value of warrants (iii)	924,691
Value of existing shares (iv)	2,753,417
Total purchase consideration (v)	65,403,561

i) The Company issued 262,630,541 paid ordinary shares to existing eCobalt Solution shareholders to acquire all the existing shares on issue for a total consideration of A$60,405,024.

ii) The Company were also deemed to issued 15,759,975 options to existing eCobalt Solution option holders in accordance with the terms and conditions of the options. The total value of these options amounted to A$1,320,428.

iii) The Company further was deemed to issue 29,287,500 options to existing eCobalt Solution warrant holders in accordance with the terms and conditions of the existing warrants. The total value of these options amounted to A$924,691.

iv) Jervois already had a 4.4% stake prior to acquiring 100% interest in eCobalt Solutions, valued at A$2,753,417.

v) Total consideration for acquiring 100% interest in eCobalt Solutions, by the Company amounted to A$65,403,561.

For personal use only

b) Identifiable assets acquired and liabilities assumed

The provisional fair values of identifiable assets acquired and liabilities assumed of eCobalt Solutions as at the date of acquisition were:

	Carrying Value acquisition date 24 July 2019 A$	Fair Value Adjustment at acquisition date 24 July 2019 A$	Fair Value at acquisition date 24 July 2019 A$
Current Assets			
Cash and cash equivalents	994,350	-	994,350
Trade and other receivables	389,624	-	389,624
Prepayments	272,434	-	272,434
Stores and consumables	85,872	-	85,872
Current tax assets	503	-	503
Total Current Assets	1,742,783	-	1,742,783
Non-Current Assets			
Exploration and evaluation	53,398,705	(39,406,977)	13,991,728
Reclamation deposits	3,084,742	-	3,084,742
Property, plant and equipment	60,614,918	(2,943,699)	57,671,219
Intangible assets	543,812	-	543,812
Total Non-Current Assets	117,642,178	(42,350,676)	75,291,502
Current Liabilities			
Trade and other payables	719,817	-	719,817
Other current liabilities	402,914	-	402,914
Total Current Liabilities	1,122,731	-	1,122,731
Non-Current Liabilities			
Deferred tax liability	38,712	-	38,712
Rehabilitation provision	10,469,281	-	10,469,281
Total Non-Current Liabilities	10,507,993	-	10,507,993
Total identifiable net assets acquired at fair value	107,754,237	(42,350,676)	65,403,561
Total consideration			65,403,561
Fair value of identifiable net assets			65,403,561
Gain / (Loss) on acquisition			-
The cash flow on acquisition is as follows:			
Net cash acquired with the subsidiary			994,350
Cash paid			-
Net consolidated cash inflow			994,350

The fair values disclosed are on a provisional basis as at 31 December 2019. This is because the acquisition only occurred on 24 July 2019, and further work will be required to confirm final fair values. The finalisation of the valuation work required to determine the fair values of the assets and liabilities acquired will be within 12 months of the acquisition date, at the latest.

For personal use only

6. Segment Reporting

The consolidated entity is organised into the following reportable segments: mineral exploration and evaluation in Australia, Canada, Uganda and additionally the United States of America, as a result of the acquisition of eCobalt in July 2019. 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 ('CODM')) 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 30 June 2019 annual financial report. The Group's operating segments are outlined below.

Australia	Includes Nico Young and other tenement licenses held.
Uganda	Prospective exploration licences held in Uganda, acquired through the acquisition of M2 Cobalt finalised in June 2019.
Canada	Exploration licenses acquired through the completion of the M2 Cobalt transaction and the eCobalt Solutions acquisition completed 24 July 2019.
United States of America	Includes the eCobalt cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho.
Other	Consists of corporate costs, including acquisition costs and financing costs. This is not a reportable segment.

Management 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 the "Other". Information regarding these segments is presented below.

As at the three months ended 31 December 2019	**Australia** A$	**Canada** A$	**Uganda** A$	**USA** A$	**Other** A$	**Total** A$
Revenue	-	-	-	-	3,100,000	**3,100,000**
Cost of sales	-	-	-	-	-	**-**
Other income	-	-	-	27,969	-	**27,969**
Segment expense	-	-	-	(245,613)	(3,843,614)	**(4,089,227)**
Depreciation and amortisation	-	-	-	(171,551)	(8,708)	**(180,259)**
Net finance costs	-	-	-	-	16,484	**16,484**
Net foreign exchange gain / (loss)	-	-	-	(67,181)	(16,935)	**(84,116)**
Income tax expense	-	-	-	-	-	**-**
Segment result	-	-	-	(456,377)	(752,773)	**(1,209,149)**
Segment assets	10,181,185	2,432,997	20,331,470	79,912,602	11,602,739	**124,460,994**
Segment liabilities	-	-	(180,099)	(12,742,221)	(750,929)	**(13,673,249)**

For personal use only

As at the six months ended 31 December 2019	Australia A$	Canada A$	Uganda A$	USA A$	Other A$	Total A$
Revenue	-	-	-	-	3,100,000	**3,100,000**
Cost of sales	-	-	-	-	-	-
Other income	-	-	-	47,768	-	**47,768**
Segment expense	(15,584)	-	-	(413,029)	(7,153,373)	**(7,581,986)**
Depreciation and amortisation	-	-	-	(172,533)	(8,996)	**(181,528)**
Net finance income	-	-	-	-	39,466	**39,466**
Net foreign exchange gain	-	-	-	(29,518)	5,887	**(23,631)**
Income tax expense	-	-	-	-	-	-
Segment result	(15,584)	-	-	(567,312)	(4,017,015)	**(4,599,911)**
Segment assets	10,181,185	2,432,997	20,331,470	79,912,602	11,602,739	**124,460,994**
Segment liabilities	-	-	(180,099)	(12,742,221)	(750,929)	**(13,673,249)**

As at three months ended 31 December 2018	Australia A$	Canada A$	Uganda A$	USA A$	Other A$	Total A$
Revenue	-	-	-	-	-	**-**
Cost of sales	-	-	-	-	-	**-**
Other income	-	-	-	-	34,230	**34,230**
Segment expense	-	-	-	-	(3,067,799)	**(3,067,799)**
Depreciation and amortisation	-	-	-	-	(25,671)	**(25,671)**
Net finance costs	-	-	-	-	-	**-**
Net foreign exchange gain / (loss)	-	-	-	-	-	**-**
Income tax expense	-	-	-	-	-	**-**
Segment result	-	-	-	-	**(3,059,240)**	**(3,059,240)**
Segment assets	9,775,587	-	-	-	9,887,618	**19,663,205**
Segment liabilities	-	-	-	-	(583,701)	**(583,701)**

For personal use only

As at six months ended 31 December 2018	Australia A$	Canada A$	Uganda A$	USA A$	Other A$	Total A$
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Other income	-	-	-	-	49,791	49,791
Segment expense	(11,464)	-	-	-	(3,771,277)	(3,782,741)
Depreciation and amortisation	-	-	-	-	(25,671)	(25,671)
Net finance income	-	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Segment result	(11,464)	-	-	-	(3,747,157)	**(3,758,621)**
Segment assets	9,775,587	-	-	-	9,887,618	**19,663,205**
Segment liabilities	-	-	-	-	(583,701)	**(583,701)**

Geographical information

	Three months ended 31 December 2019 Revenues A$	Six months ended 31 December 2019 Revenues A$	31 December 2019 Non-current assets A$	Three months ended 31 December 2018 Revenues A$	Six months ended 31 December 2018 Revenues A$	31 December 2018 Non-currents assets A$
Australia	**3,100,000**	**3,100,000**	**10,322,641**	34,230	49,791	14,115,128
Uganda	**-**	**-**	**20,139,164**	-	-	-
United States of America	**27,969**	**47,768**	**78,423,349**	-	-	-
Canada	**-**	**-**	**2,432,997**	-	-	-
Total	**3,127,969**	**3,147,768**	**111,318,151**	34,230	49,791	14,115,128

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

7. Revenue

	Three months ended 31 December 2019 A$	Three months ended 31 December 2018 A$	Six months ended 31 December 2019 A$	Six months ended 31 December 2018 A$
Sale of royalty *(i)*	**3,100,000**	-	**3,100,000**	-
Total revenue	**3,100,000**	-	**3,100,000**	-

i. The company sold its Bullabulling gold royalty to a subsidiary of Zijin Mining

For personal use only

8. Earnings/(loss) per share

	Three months ended 31 December 2019 Cents	**Six months ended 31 December 2019 Cents**	Three months ended 31 December 2018 Cents	Six months ended 31 December 2018 Cents
Profit/(Loss) per share				
Basic profit/(loss) per share - cents	**(0.195)**	**(0.743)**	(0.138)	(1.690)
Diluted profit/(loss) per share - cents	**(0.195)**	**(0.743)**	(0.138)	(1.690)

Basic earnings & diluted / (loss) per share

The calculation of basic earnings per share and diluted earnings per share, for the three months ended 31 December 2019 was based on the loss attributable to ordinary equity holders of the Company of A$1,209,149 (2018: loss of A$3,059,280) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2019 of 619,451,509 (2018: 222,474,951).

The calculation of basic earnings per share and diluted earnings per share, for the six months ended 31 December 2019 was based on the loss attributable to ordinary equity holders of the Company of A$4,599,911 (2018: loss of A$3,758,621) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2019 of 619,451,509 (2018: 222,474,951).

9. Cash and cash equivalents

	31 December 2019 A$	30 June 2019 A$
Bank balances	**12,425,816**	4,186,702
Cash and cash equivalents	**12,425,816**	4,186,702

As at 31 December 2019, A$116,373 (30 June 2019: A$116,373) of the cash and cash equivalents is restricted cash. The remaining balance of the cash and cash equivalents are available for use by the Group.

10. Trade and other receivables

	31 December 2019 A$	30 June 2019 A$
Other receivables	**2,804**	1,188
Insurance claim receivable	**201,418**	201,418
GST receivable	**35,465**	121,688
Total stores and consumables	**239,687**	324,294

For personal use only

11. Exploration and evaluation

	31 December 2019 A$	30 June 2019 A$
Cost		
Opening balance	**27,396,513**	5,922,780
Expenditure incurred and capitalised	**6,819,208**	3,969,759
Additions from acquisition of M2 Cobalt Corp	**-**	18,307,485
Additions from acquisition of eCobalt	**13,991,728**	-
Adjustment for site reclamation and closure costs	**865,236**	-
Impairment of assets	**-**	(52,819)
R&D tax offset recognised	**78,764**	(750,692)
Effective movement in exchange rates	**178,143**	-
Capitalised exploration and evaluation at end of year	**49,329,592**	27,396,513

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.

Additions from acquisition in relation to the eCobalt transaction includes the reclamation and closure cost obligations relating to the mine development projects as these are initially recorded as a corresponding increase to the carrying amounts of the related mining properties. At acquisition date amount recorded in mine properties related to the obligation was US$6,599,086 *(refer to note 16 Provision for site reclamation and closure costs).*

During the period there was a non-cash adjustment of US$606,983 for site reclamation and closure cost, resulting from changes in the discount rate.

For personal use only

12. Property, plant and equipment

	Land & Buildings	Property, plant & equip-ment	Office equipment, furniture & fittings	Motor vehicles	Assets under construction	Total
	A$	A$	A$	A$	A$	A$
31 December 2019						
Cost						
As at 1 July 2019	45,000	894,203	32,797	53,441	-	**1,025,441**
Additions through acquisition (i)	1,353,790	309,218	143,443	183,378	55,681,390	**57,671,219**
Additions for the period	-	-	14,403	-	225,587	**239,990**
Disposals for the period	-	(24,998)	-	-	-	**(24,998)**
Asset write-down	-	-	(25,323)	-	-	**(25,323)**
Foreign currency translation differences	(6,434)	647	32,360	(871)	(418,649)	**(392,948)**
As at 31 December 2019	1,392,356	1,179,070	197,680	235,948	55,488,328	**58,493,382**
Depreciation and impairment						
As at 1 July 2019		(11,783)	(24,962)	(53,441)	-	**(90,186)**
Depreciation charge for the period	(24,550)	(55,155)	(75,998)	(25,825)	-	**(181,528)**
Disposals	-	-	-	-	-	**-**
Asset write-down	-	-	25,323	-	-	**25,323**
As at 31 December 2019	(24,550)	(66,938)	(75,637)	(79,266)	-	**(246,391)**
Net book value:						
As at 31 December 2019	1,367,806	1,112,133	122,043	156,681	55,488,328	**58,246,990**

i) Property plant and equipment (PPE) acquired through acquisition (eCobalt transaction) have been brought to account at fair value assessed as at the closing date (24 July 2019). The valuation is a provisional basis, given the specialist nature of the assets acquired the directors will obtain specialist independent opinions on major components of ICO plant and equipment and infrastructure assets.

For personal use only

	Land & Buildings A$	Property, plant & equipment A$	Office equipment, furniture & fittings A$	Motor vehicles A$	Assets under construction A$	Total A$
30 June 2019						
Cost						
As at 1 July 2018	83,890	557,941	27,009	53,441	-	**722,281**
Additions through acquisition						
Additions for the period (i)	-	336,262	5,788	-	-	**342,050**
Disposals for the period	-	-	-	-	-	**-**
Asset transfers	-	-	-	-	-	**-**
Asset write-down	(38,890)	-	-	-	-	**(38,890)**
Foreign currency translation differences	-	-	-	-	-	**-**
As at 30 June 2019	45,000	894,203	32,797	53,441	-	**1,025,441**
Depreciation and impairment						
As at 1 July 2018	-	-	(20,205)	(53,441)	-	**(73,646)**
Charge at acquisition date		-	-	-	-	**-**
Depreciation charge for the period	-	(11,783)	(4,757)	-	-	**(16,540)**
Disposals	-	-	-	-	-	**-**
Asset write-down	-	-	-	-	-	**-**
Foreign currency translation differences	-	-	-	-	-	**-**
As at 30 June 2019	-	(11,783)	(24,962)	(53,441)	-	**(90,186)**
Net book value:						
As at 30 June 2019	45,000	882,420	7,835	-	-	**935,255**

13. Reclamation Bond

	31 December 2019 US$	31 December 2019 A$	30 June 2019 A$
Reclamation Performance			
Bond Requirement	7,261,641	**10,354,913**	-
Insured	7,261,641	**10,354,913**	-
In Trust:			
US Treasury Securities	2,161,967	**3,081,846**	-
Impact of foreign exchange rate movements	-	**-**	-
Reclamation bond	2,161,967	**3,081,846**	-

The U.S. Forest Service required eCobalt to place a Reclamation Performance Bond in the amount of US$7,206,557 in relation to surface disturbances from pre-construction activities. The Reclamation Performance Bond will be released upon meeting the reclamation requirement of the U.S. Forest Service at the end of the Life of Mine of the ICO.

On June 21, 2011, the Company entered into an agreement with an insurance company to issue a surety bond in the amount required by the Reclamation Performance Bond. As part of the insurance agreement, the Company is required to deposit US$2,161,967 in trust as collateral for potential liability, as surety, incurred by the insurance company. The Safekeeping Agreement with the trustee requires the trust proceeds to be invested in any securities

For personal use only

backed by the US Treasury, including US Treasury Bills and US Treasury Notes. The trustee can only release the trust proceeds under the following conditions:

(a) Within thirty (30) days following the written request from the insurance company; and

(b) Within thirty (30) days following the written request from the Company subsequent to the expiration and termination of the bond, whereby the insurance company has been exonerated of all past, present and future liability.

14. Trade and other payables

	31 December 2019 A$	30 June 2019 A$
Trade payables	**793,418**	2,382,975
Other payables	**173,703**	141,477
Accruals	**733,201**	54,597
Tax payable (VAT/GST/FUEL Tax)	**268,185**	-
Unclaimed money	**2,691**	2,691
	1,971,198	2,581,740

15. Employee benefits

	31 December 2019 A$	30 June 2019 A$
Annual leave provision	**118,497**	41,741
Long service leave provision	**16,433**	15,296
Other employee entitlements	**152,159**	-
	287,089	57,037
Current	**270,656**	41,741
Non-current	**16,433**	15,296
	287,089	57,037

16. Provision for site reclamation and closure costs

	31 December 2019 US$	**31 December 2019 A$**	30 June 2019 A$
Opening reclamation and closure cost balance	-	**-**	-
Additions – acquisition of subsidiary	7,309,539	**10,469,281**	-
Additions	-	**-**	-
Accretion expense	64,062	**93,528**	-
Change in discount rate	606,983	**865,235**	-
Impact of foreign exchange movements	-	**(51,969)**	-
Closing reclamation and closure cost balance	(7,980,583)	**(11,376,076)**	-

The Company's provision for site reclamation and closure relates to the ICO and is based on the Company's legal obligations for environmental remediation, reclamation, and decommissioning at the end of the mine life. The

undiscounted cash flows of the obligation as at December 31, 2019 were US$7,980,583 or A$11,376,076. The discount rate used to determine the present value of the obligation was nil, based on US Treasury Bond rate of 1.75% and rate of inflation of 1.8% generating a negative real interest rate. The Company assumes that reclamation and decommissioning will take place over a three-year period, commencing after the mine operation cessation.

17. Share capital

	31 December 2019 A$	30 June 2019 A$
Share Capital	**166,169,156**	87,380,306
Costs of raising equity	**(1,772,597)**	(1,447,972)
	164,396,559	85,932,334

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

	No of shares	**A$**
Opening balance at 1 July 2018	220,762,994	71,921,971
Movements in 2018/2019		
Conversion of options	2,500,000	460,636
Issue of ordinary shares - acquisition of M2 Cobalt Corp	63,819,995	14,997,699
Closing share capital balance at 30 June 2019	287,082,989	87,380,306
Opening balance at 1 July 2019	287,082,989	87,380,306
Movements in 2019		
Issue of ordinary shares - acquisition of eCobalt Solutions	262,630,541	60,405,024
Issue of ordinary shares – placement	82,500,000	16,500,000
Issued of ordinary shares – to eCobalt transaction advisers	9,419,127	1,883,826
Closing share capital balance at 31 December 2019	641,632,657	166,169,156

(ii) Movements in costs of raising equity:

	31 December 2019 A$	30 June 2019 A$
Opening balance	**(1,447,972)**	(1,447,972)
Costs incurred	**(324,625)**	-
Closing balance	**(1,772,597)**	(1,447,972)

For personal use only

For personal use only

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

	31 December 2019 Number of options	30 June 2019 Number of options
Balance at the beginning of the period	**32,600,000**	17,600,000
Granted	**24,500,000**	15,000,000
Forfeited	**-**	-
Exercised	**-**	-
Balance at the end of the period	**57,100,000**	32,600,000
Vested and exercisable at period end	**15,100,000**	-

Employee Options granted

During the interim financial period, an additional 5,000,000 options were issued to directors and 19,500,000 options to employee as part of the Company option plan, with nil options forfeited and nil exercised, thus bringing the options issued over ordinary shares in the Company to 57,100,000 as at 31 December 2019. 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 10,000,000 options at an exercise price of A$0.15/share have vested pursuant to the Company's option terms.

Unissued shares under options for Employee Options

As at 31 December 2019 unissued shares of the Company under option are:

Expiry date	**Exercise price (A$)**	**Number of shares**
30-Nov-22	$0.150	15,000,000
30-May-24	$0.345	100,000
18-Jun-24	$0.305	2,500,000
30-Sep-23	$0.290	5,000,000
1-Jul-23	$0.295	7,500,000
1-Jun-24	$0.240	2,500,000
14-Aug-27	$0.200	750,000
15-Aug-27	$0.200	12,500,000
15-Aug-24	$0.240	2,500,000
9-Sep-27	$0.225	1,250,000
30-Sep-24	$0.240	5,000,000
14-Oct-27	$0.220	2,500,000
Total		**57,100,000**

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.

For personal use only

(vi) Movements in options for services:

	31 December 2019 Number of options	30 June 2019 Number of options
Balance at the beginning of the period	**300,000**	400,000
Granted	**250,000**	-
Forfeited	**-**	(100,000)
Exercised	**-**	-
Balance at the end of the period	**550,000**	300,000
Vested and exercisable at period end	**300,000**	300,000

Options granted for services provided to the Company

During the interim financial period, an additional 250,000 options were issued to advisers to the Company in exchange for services rendered. Nil options forfeited and nil exercised, thus bringing the options issued to service providers over ordinary shares in the Company to 550,000 as at 31 December 2019.

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.

Unissued shares under options for services provided

As at 31 December 2019 unissued shares of the Company under option are:

Expiry date	**Exercise price (A$)**	**Number of shares**
30-May-24	$0.345	300,000
31-Mar-25	$0.225	250,000
Total		**550,000**

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.

(vi) Movements in options granted as part of acquisitions:

	31 December 2019 Number of options	30 June 2019 Number of options
Balance at the beginning of the period	**19,554,512**	-
Granted	**45,047,475**	19,554,512
Forfeited	**-**	-
Exercised	**-**	-
Expired	**22,930,000**	
Balance at the end of the period	**41,671,987**	19,554,512
Vested and exercisable at period end	**41,671,987**	-

For personal use only

Options granted as part of the acquisitions

During the interim financial period, an additional 45,047,475 options were deemed as issued to eCobalt option and warrant holders as part of the 100% acquisition of eCobalt on the 24 July 2019. In the prior period 19,554,512 options were deemed as issued to M2 Cobalt option and warrant holders as part of the 100% acquisition of M2 Cobalt on the 19 June 2019.

Of these options, 18,975,000 related to eCobalt and 3,955,000 related to M2 Cobalt expired during the period. Nil options were forfeited and nil exercised, thus bringing the options issued over ordinary shares in the Company in relation to acquisitions to 41,671,987 as at 31 December 2019. Subsequent to the period end a further 9,367,012 options related to M2 Cobalt have also expired un-exercised.

Unissued shares under options as part of the acquisitions

Expiry date	Exercise price (C$)	Number of shares
12 -Oct-2020	$0.20	2,507,500
23-Jan-2021	$0.50	3,150,000
22-Mar-2021	$0.63	200,000
22-Mar-2021	$0.34	375,000
17-Jan-2020	$0.80	9,367,012
27-Apr-2020	$0.12	2,205,225
6-Sept-2021	$0.36	2,714,250
28-Jun-2022	$0.71	3,654,750
5-Oct-2022	$0.70	288,750
11-Jan-2023	$1.16	231,000
12-Mar-2023	$0.85	165,000
6-Apr-2023	$0.84	206,250
28-Jun-2023	$0.61	4,191,000
24-Sept-2023	$0.50	123,750
1-Oct-2023	$0.53	1,980,000
14 Apr-2021	$0.24	10,312,500
Total		**41,671,987**

The share options granted under the acquisitions 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. 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.

For personal use only

18. Share based payments

Recognised share-based payment expense

	31 December 2019 A$	31 December 2018 A$
Expense arising from equity settled share-based payment transactions (i)	**(2,039,852)**	(2,708,706)

(i) Movement in the share based payment reserve is made up of ($2,039,852) in relation to options issued to directors and employees and ($25,254) in relation to options issued to service providers in professional fees.

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

For personal use only

19. Related party transactions

Related party disclosure

The Company has a related party relationship between two of its management personnel and an external services company, Great Rift Geosciences (Canada) Inc and its wholly owned subsidiary Great Rift Geosciences SMC Ltd (Uganda) (together "Great Rift"). Acquired in June 2019, M2 Cobalt, now a wholly owned subsidiary of Jervois, used Great Rift to provide Ugandan 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. Jervois pays Great Rift a monthly fee of US$30,000. As part of the M2 Cobalt acquisition, two executives were retained by Jervois, Dr. Jennifer Hinton and Mr. Tom Lamb. These executives are also principals and co-owners of Great Rift Geosciences (Canada) Inc. Separate to the management services agreement between the Company and Great Rift, both Dr Hinton and Mr Lamb are engaged as executives of Jervois, holding the positions of Ugandan Country Head and Ugandan Operations Manager respectively.

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. Salaries for Dr. Hinton or Mr. Lamb are handled separately by Jervois.

	31 December 2019 A$	30 June 2019 A$
Management Services – Great Rift	**(262,965)**	-

20. Events after reporting period

The directors of the Company have identified the following 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 affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The subsequent events are as follows:

- On January 22, 2020, Jervois released the updated ICO Mineral Resource Estimate ("MRE"), being prepared to support the ICO BFS. The updated ICO MRE increased contained Measured cobalt resources by 22% in comparison to earlier estimates. Further details are set out in Management Discussion and Analysis that accompany these interim financial statements.