Jervois Mining Limited

(ABN 52 007 626 575)

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2019

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CORPORATE DIRECTORY

Directors

Bryce Crocker (Chief Executive Officer)

Peter Johnston (Non-Executive Chairman)

Brian Kennedy (Non-Executive Director)

Michael Callahan (Non-Executive Director)

Company Secretary

Alwyn Davey

Principal Address

Suite 508, 737 Burwood Road,

Hawthorn East, Victoria, 3123, Australia

Registered Office

Suite 508, 737 Burwood Road,

Hawthorn East, Victoria, 3123, Australia

Auditors

BDO East Coast Partnership
Tower 4, Collins Square
Level 18, 727 Collins Street
Docklands, Victoria, 3008, Australia

Bankers

ANZ Banking Group Limited
Level 1
420 St Kilda Road
Melbourne, Victoria, 3004, Australia

Share Register

Computershare Investor Services Pty Ltd

452 Johnston Street

Abbotsford, Victoria, 3067, Australia

Computershare Investor Services Inc

510 Burrard Street

Vancouver, BC, V6C 3B9, Canada

Stock Exchange Listing

Jervois Mining Limited shares are listed on the

- Australian Securities Exchange (ASX code: JRV);
- TSX Venture Exchange (TSX-V code: JRV);
- United States OTCQB (OTCQB code: JRVMF); and
- the Frankfurt Stock Exchange (FRA code: IHS).

Directors Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jervois Mining Limited (referred to hereafter as “Jervois” the 'company', ‘consolidated entity’ or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

1. Directors

The following persons were directors of Jervois during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Role	
Bryce Crocker	Chief Executive Officer	
Peter Johnston	Non-Executive Chairman	
Brian Kennedy	Non-Executive Director	
Michael Callahan	Non-Executive Director	Appointed 24 July 2019
Simon Clarke	Non-Executive Director	Appointed 19 June 2019, resigned 24 July 2019
Scott Hean	Non-Executive Director	Appointed 24 July 2019, resigned 19 September 2019

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. Review of operations

The total loss of the consolidated entity attributable to the owners of the parent for the half-year ended 31 December 2019 was A$4,599,911 (31 December 2018: loss A$3,758,621). The loss for the current half-year included a non-cash item of A$2,039,852 (31 December 2018: A$2,708,706) on account of value of options issued to directors and employees. The total loss also included acquisition costs in relation to the M2 Cobalt transaction, from June 2019, and the eCobalt Solutions Inc transaction from July 2019. The integration for both acquisitions continued throughout the period.

4. Dividends paid or recommended

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

5. Significant changes in the state of affairs

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

6. Events subsequent to reporting date

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, 2019 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 announcement dated January 22, 2020 released to the ASX.

7. Lead auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report. BDO East Coast Partnership was appointed as auditors of the company on 28 November 2017. This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Dated at Melbourne this 28th day of February 2020.

Signed in accordance with a resolution of the directors:

P. B. Johnston.

Peter Johnston
Chairman

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF JERVOIS MINING LIMITED

As lead auditor for the review of Jervois Mining Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 28 February 2020

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Consolidated statement of financial position

As at 31 December 2019

	Note	31 December 2019 A$	30 June 2019 A$
Current assets			
Cash and cash equivalents	*8*	**12,425,816**	4,186,702
Trade and other receivables	*9*	**239,687**	324,294
Prepayments		**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	*10*	**49,329,591**	27,396,513
Property, plant and equipment	*11*	**58,246,990**	935,255
Intangible assets		**482,224**	-
Reclamation deposits	*12*	**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	*13*	**1,971,198**	2,581,740
Employee benefits	*14*	**270,656**	41,741
Total current liabilities		**2,241,854**	2,623,481
Non-current liabilities			
Deferred tax liabilities		**38,885**	-
Employee benefits	*14*	**16,433**	15,296
Provision for site reclamation and closure costs	*15*	**11,376,076**	-
Total non-current liabilities		**11,431,394**	15,296
Total liabilities		**13,673,248**	2,638,777
Net assets		**110,787,746**	32,189,330
Equity			
Share capital	*16*	**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.

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2019

	Note	31 December 2019 A$	31 December 2018 A$
Revenue		**3,100,000**	49,791
Other income		**47,768**	-
Net finance income		**39,466**	-
Administrative expenses		**(186,465)**	(23,510)
Communication expenses		**(65,764)**	(10,056)
Employee benefits expenses		**(767,921)**	(438,201)
Share based payments	*17*	**(2,039,852)**	(2,708,706)
Insurance premiums		**(105,033)**	(68,250)
Professional fees		**(988,413)**	(344,212)
Securities quotation fees		**(298,654)**	(80,259)
Tenancy and property costs		**(10,800)**	(11,464)
Other expenses		**(341,377)**	(195,083)
Depreciation and amortisation		**(181,528)**	(25,671)
Professional fees incurred with M2 Cobalt and eCobalt acquisitions		**(2,636,845)**	-
Fair value adjustment		**(92,536)**	97,000
Loss on sale of fixed assets		**(48,326)**	-
Net foreign exchange loss		**(23,631)**	-
Loss before income tax expense		**(4,599,911)**	(3,758,621)
Income tax expense		**-**	-
Loss for the year		**(4,599,911)**	(3,758,621)
Loss after income tax expense for the half-year attributable to the owners of Jervois Mining Limited		**(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		**1,016,070**	(3,759,455)
Total comprehensive income for the year attributable to the owners of Jervois Mining Limited		**(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)	*7*	**(0.774)**	(1.690)
Diluted (loss) per share (cents)	*7*	**(0.774)**	(1.690)

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

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Consolidated statement of changes in equity

For the half-year ended 31 December 2019

	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)	-	(592,193)
Change in fair value of equity instrument at FVOCI		-	-	-	1,016,070	-	-	1,016,070
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	-	-	-	82,774,451
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

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Consolidated statement of changes in equity

For the half-year ended 31 December 2019

	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
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	-	-	-	2,948,113
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

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Consolidated statement of cash flows

For the half-year ended 31 December 2019

	Note	31 December 2019 A$	31 December 2018 A$
Cash flows from operating activities			
Receipts from customers		**3,100,000**	4,340,000
Sundry income		**47,768**	1,636
Payments to suppliers and employees		**(2,720,947)**	(1,094,395)
Merger costs		**(2,543,109)**	-
Net cash inflow/(outflow) from operating activities		**(2,116,288)**	3,247,241
Cash flows (used in)/from investing activities			
Interest received		**39,483**	24,624
Payments for property, plant and equipment	*11*	**(239,990)**	(337,986)
Payments for exploration and evaluation	*10*	**(6,614,468)**	(3,151,365)
Proceeds from sale of investments		**-**	597,000
Funds from subsidiary acquired	*4*	**994,350**	-
Payments/refunds - security deposits and advances		**-**	1,701
Net cash (used in) investing activities		**(5,820,625)**	(2,866,026)
Cash flows from financing activities			
Proceeds from issue of shares	*16*	**16,500,000**	200,000
Share issue transaction costs	*16*	**(324,625)**	-
Net cash from financing activities		**16,175,375**	200,000
Net in cash and cash equivalents		**8,238,462**	581,215
Cash and cash equivalents at beginning of the period		**4,186,702**	4,715,432
Effects of exchange rate changes on cash and cash equivalents		**652**	-
Cash and cash equivalents at the end of the period	*8*	**12,425,816**	5,296,647

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

1. Corporate Information

The financial statements cover Jervois Mining Limited 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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2020. The directors have the power to amend and reissue the financial statements.

2. Basis of preparation

(a) 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 other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

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.

(b) Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are carried at fair value and share based payment expenses which are recognised at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the six-month period ended 31 December 2019 the Group had a loss of A$4,599,911 (31 December 2018 the Group had a loss of A$3,758,621).

During the six-month period ended 31 December 2019 the net cash outflow from operations was A$2,116,288 (31 December 2018: inflows of A$3,247,241). There were cash outflows from investing activities of A$5,820,625 (31 December 2018: outflows of A$2,866,026) for the period. There were cash inflows from financing activities of A$16,175,375 (31 December 2018: inflows of A$200,000).

As at 31 December 2019 the Group had cash and cash equivalents of A$12,425,816 (30 June 2019: A$4,186,702). As at 31 December 2019 the Group had total current assets of A$13,142,843 (30 June 2019: A$4,581,492) and current liabilities of A$2,241,854 (30 June 2019: A$2,623,481). Group net assets or shareholder equity at 31 December 2019 was A$110,787,746 (30 June 2019: A$32,189,330).

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

(d) Critical accounting judgements estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management basis its judgements, estimates and assumptions on historical experience and other factors, including expectations of future events management believes to be reasonable under the circumstances.

In preparing the consolidated interim financial report, the significant judgements made by management in applying the consolidated entities accounting policies and the key sources of estimates were the same as those applied to the annual financial report as at the year ended 30 June 2019.

(e) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(f) 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.

3. Summary of significant accounting policies

The principle accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional benefits or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Where the business combination is achieved in stages, the group measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit and loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire at full value; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsequent to acquisition date, transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the Group. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised as a separate reserve within equity.

The assets, liabilities and contingent liabilities recognised at acquisition date are recognised at fair value.

Asset retirement obligation

The Company records a provision for the estimated future costs of site reclamation and closure of operating projects, which are discounted to net present value using the risk-free interest rate applicable to the future cash outflows. Estimates of future costs represent management's best estimate which incorporate assumptions on the effects of inflation, movements in foreign exchange rates, other specific risks associated with the related liabilities. A provision for reclamation and closure is re-measured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining activities, changes to cost estimates and changes to the risk-free interest rate. A provision for site reclamation and closure cost obligations is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs. Reclamation and closure cost obligations relating to mine development projects are initially recorded with a corresponding increase to the carrying amounts of related mining properties.

4. Acquisition of eCobalt Solutions (Provisional)

Acquisition of eCobalt Solutions

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 had 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 acquisition of the companies. The acquisition 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.

Purchase consideration	2019 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)	65,403,560

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$65,403,560.

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
Other current assets	748,433	-	748,433
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	117,642,177	(42,350,676)	75,291,501
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	107,754,236	(42,350,676)	65,403,560
Total consideration			65,403,560
Fair value of identifiable net assets			65,403,560
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.

5. 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.

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)	(8,995)	**(181,528)**
Net finance costs	-	-	-	-	39,466	**39,466**
Net foreign exchange gain / (loss)	-	-	-	(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)	(12,742,220)	(750,929)	**(13,673,248)**

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

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

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

6. Revenue

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

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

7. Earnings/(loss) per share

	31 December 2019 Cents	31 December 2018 Cents
Profit/(Loss) per share		
Basic profit/(loss) per share - cents	**(0.774)**	(1.69)
Diluted profit/(loss) per share - cents	**(0.774)**	(1.69)

Basic earnings & diluted / (loss) per share

The calculation of basic earnings per share and diluted earnings per share, at 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 594,265,717 (2018: 222,474,951).

Employee options and Other options granted as described in Note 16 – Share capital have been included in the determination of diluted earnings per share to the extent they are dilutive.

8. 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.

9. 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

10. 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 Solutions	**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	**178,142**	-
Capitalised exploration and evaluation at end of year	**49,329,591**	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 15 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.

11. Property, plant and equipment

	Land & Buildings A$	Property, plant & equip-ment A$	Office equipment, furniture & fittings A$	Motor vehicles A$	Assets under construction A$	Total 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 for the period	-	-	-	-	-	**-**
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.

	Land & Buildings A$	Property, plant & equipment A$	Office equipment, furniture & fittings A$	Motor vehicles A$	Assets under construction A$	Total A$
<u>30 June 2019</u>						
Cost						
As at 1 July 2018	83,890	557,941	27,009	53,441	-	**722,281**
Additions through acquisition						
Additions for the period	-	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**

12. 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 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.

13. 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

14. 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

15. 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	-	**(51,968)**	-
Closing reclamation and closure cost balance	7,980,584	**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$7,980,584 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.

16. 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)

(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

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.

(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

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	-

Options granted as part of the acquisitions

During the interim financial period, an additional 45,047,475 options were deemed as issued to eCobalt Solutions option and warrant holders as part of the 100% acquisition of eCobalt Solutions 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 Solutions 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.

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.

17. 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.

18. 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)**	-

19. 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, 2019 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 announcement dated January 22, 2020 released to the ASX.

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Directors' declaration

For the six months ended 31 December 2019

In the opinion of the Directors of Jervois Limited ('the Company'):

a) the condensed consolidated financial statements and notes set out on pages 11 to 30 are in accordance with the *Corporations Act 2001,* including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, which complies with International Financial Reporting Standards, and the *Corporations Regulations 2001,* with the exception of requirements pertaining to the Directors' report; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 28th day of February 2020.

P. B. Johnston.

Peter Johnston
Chairman

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Jervois Mining Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Jervois Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

James Mooney
Partner

Melbourne, 28 February 2020