



Jervois Mining Limited

(ABN 52 007 626 575)

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited – Expressed in Australian Dollars)

For the three months ended 30 September 2020

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

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JERVOIS MINING LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
As at 30 September 2020 and 30 June 2020 (Unaudited)

	Note	30 September 2020 A\$'000	30 June 2020 A\$'000
Current assets			
Cash and cash equivalents	7	5,407	5,663
Other receivables		244	252
Prepayments		337	234
Term deposits		116	116
Inventories		84	88
Total current assets		6,189	6,353
Non-current assets			
Security deposits		158	178
Exploration and evaluation	8	52,372	53,590
Property, plant and equipment	9	56,705	59,213
Intangible assets		311	347
Reclamation deposits	10	3,090	2,999
Total non-current assets		112,635	116,327
Total assets		118,824	122,680
Current liabilities			
Trade and other payables	11	906	715
Employee benefits	12	185	184
Loans		112	116
Total current liabilities		1,203	1,015
Non-current liabilities			
Deferred tax liabilities		37	38
Employee benefits	12	18	18
Provision for site reclamation and closure costs	13	9,749	10,861
Total non-current liabilities		9,804	10,917
Total liabilities		11,007	11,932
Net assets		107,817	110,748
Equity			
Share capital	14	164,715	164,476
Reserves		14,029	17,077
Accumulated losses		(70,927)	(70,805)
Total equity attributable to equity holders of the Company		107,817	110,748

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

Approved on behalf of the Board on October 30, 2020:

(signed) "Peter Johnston"

Peter Johnston, Director

(signed) "Bryce Crocker"

Bryce Crocker, Director

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the three months ended 30 September 2020 and September 2019 (Unaudited)

	Note	Three months ended 30 September 2020 A\$'000	Three months ended 30 September 2019 A\$'000
Other income		1,760	20
Administrative expenses		(34)	(90)
Communication expenses		(3)	(38)
Employee benefits expenses		(260)	(323)
Share based payments	15	(583)	-
Insurance premiums		(95)	(24)
Professional fees		(388)	(379)
Business development costs		(63)	(7)
Securities quotation fees		(62)	(117)
Tenancy and property costs		(5)	-
Other expenses		(125)	(133)
Depreciation and amortisation		(57)	(1)
Professional fees incurred with M2 Cobalt and eCobalt acquisitions		(10)	(2,356)
Loss on sale of fixed assets		-	(25)
Net foreign exchange gain/(loss)		(198)	60
Net finance income		-	23
Profit/(Loss) before income tax expense		(123)	(3,391)
Income tax expense		-	-
Profit/(Loss) for the period		(123)	(3,391)
Profit/(Loss) after income tax expense for the period attributable to the owners of Jervois Mining Limited		(123)	(3,391)
Other comprehensive income:			
Items that may be subsequently reclassified to the profit or loss:			
Exchange reserve arising on translation of foreign operations		(3,631)	(3,566)
Change in fair value of equity instrument at FVOCI		-	8,484
Total comprehensive income for the period attributable to the owners of Jervois Mining Limited		(3,754)	1,527
Profit/(Loss) per share for the period attributable to the owners of Jervois Mining Limited			
Basic (loss) per share (cents)	6	(0.019)	(0.571)
Diluted (loss) per share (cents)	6	(0.019)	(0.571)

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

Condensed Consolidated Statement of Cash Flows

For the three months ended 30 September 2020 and 30 September 2019 (Unaudited)

	<i>Notes</i>	Issued capital A\$'000	Share capital reserve A\$'000	Share based payment reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Total A\$'000
Balance as at 30 June 2020		164,476	2,245	12,751	2,081	(70,805)	110,748
Total comprehensive income							
Profit or (loss)		-	-	-	-	(123)	(123)
<i>Other comprehensive income</i>							
Foreign currency translation differences for foreign operations		-	-	-	(3,631)		(3,631)
Change in fair value of equity instrument at FVOCI							
Total comprehensive income for the period		-	-	-	(3,631)	(123)	(3,754)
Transactions with owners, recorded directly in equity							
Issue of ordinary shares		-	-	-	-	-	-
Costs of raising equity		-	-	-	-	-	-
Value of options issued	15			583			583
Value of options exercised	14	239	-	-	-	-	239
Balance at 30 September 2020		164,715	2,245	13,334	(1,550)	(70,927)	107,817

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows

For the three months ended 30 September 2020 and 30 September 2019 (Unaudited)

<i>Notes</i>	Issued capital A\$'000	Share Capital reserve A\$'000	Share based payment reserve A\$'000	Financial assets reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Total A\$'000
Balance as at 1 July 2019	85,933	-	9,242	(8,484)	(63)	(54,439)	32,189
Total comprehensive income							
Profit or (loss)	-	-	-	-	-	(3,391)	(3,391)
<i>Other comprehensive income</i>							
Foreign currency translation differences for foreign operations	-	-	-	-	(3,566)	-	(3,566)
Change in fair value of equity instrument at FVOCI	-	-	-	1,016	-	-	1,016
Total comprehensive income for the period	-	-	-	1,016	(3,566)	(3,391)	(5,941)
Transfer to retained earnings	-	-	-	7,467	-	(7,467)	-
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	78,788	-	-	-	-	-	78,788
Costs of raising equity	(324)	-	-	-	-	-	(324)
Retained earnings of acquired entity	-	-	-	-	-	49,751	49,751
Value of options issued	-	-	2,245	-	-	-	2,245
Value of options exercised	-	-	-	-	-	-	-
Balance as at 30 September 2019	164,396	-	11,487	-	(3,629)	(15,546)	156,708

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

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows

For the three months ended 30 September 2020 and 30 September 2019 (Unaudited)

	Note	Three months ended 30 September 2020	Three months ended 30 September 2019
		A\$'000	A\$'000
Cash flows from operating activities			
Proceeds from R&D refund	5	1,537	-
Sundry income	5	50	20
Payments to suppliers and employees		(770)	(1,456)
Merger costs		-	(2,195)
Net cash inflow/(outflow) from operating activities		817	(3,631)
Cash flows (used in)/from investing activities			
Interest received		-	23
Proceeds from sale of royalty	5	173	-
Payments for property, plant and equipment	9	-	(163)
Payments for exploration and evaluation	8	(1,463)	(3,205)
Funds from subsidiary acquired		-	994
Net cash (used in) investing activities		(1,290)	(2,351)
Cash flows from financing activities			
Proceeds from exercise of options		239	-
Proceeds from issue of shares		-	16,500
Share issue transaction costs		-	(325)
Net cash from financing activities		239	16,175
Net change in cash and cash equivalents		(234)	10,192
Cash and cash equivalents at beginning of the period		5,663	4,187
Effects of exchange rate changes on cash and cash equivalents		(22)	-
Cash and cash equivalents at the end of the period	7	5,407	14,379

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

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

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 three months to 30 September 2020 and 30 September 2019. 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.

3. 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 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 interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 30 June 2019.

b. New or amended accounting standards

AASB 16 Leases

The Standard provides a comprehensive model for identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. It superseded AASB 117 Leases and its associated interpretative guidance. The Company has no significant lease agreements in place and thus implementation had no material impact. The interpretation had an effective date for the Company of 1 July 2019.

AASB Interpretation 23 – Uncertainty over income tax treatment

This interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Company has reviewed its internal policies and tax risk frameworks and has determined that adoption of the interpretation did not have a material impact. The interpretation had an effective date for the Company of 1 July 2019.

4. Segment Reporting

The consolidated entity is organised into the following reportable segments: mineral exploration and evaluation in Australia, Uganda and additionally the United States of America, because of the acquisition of eCobalt in July

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

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 2020 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
United States of America	Includes the Idaho Cobalt Operations ("ICO"), encompassing a cobalt-copper-gold mine under construction in Lemhi County outside of the town of Salmon, Idaho.
Other	Consists of non core exploration not related to Australia, Uganda and the USA, 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.

Three months ended 30 September 2020	Australia A\$'000	Uganda A\$'000	USA A\$'000	Other A\$'000	Total A\$'000
Other income	-	-	25	1,735	1,760
Segment expense	(35)	-	(42)	(1,550)	(1,627)
Depreciation and amortisation	-	-	(53)	(4)	(57)
Net finance costs	-	-	-	-	-
Net foreign exchange gain / (loss)	-	-	(180)	(18)	(198)
Income tax expense	-	-	-	-	-
Segment result	(35)	-	(250)	163	(122)
Segment assets	9,879	20,359	81,288	7,298	118,824
Segment liabilities	-	-	(10,454)	(553)	(11,007)

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

Three months ended 30 September 2019	Australia A\$'000	Uganda A\$'000	USA A\$'000	Other A\$'000	Total A\$'000
Other income	-	-	20	-	20
Segment expense	-	-	(435)	(3,058)	(3,493)
Depreciation and amortisation	-	-	(1)	-	(1)
Net finance costs	-	-	-	23	23
Net foreign exchange gain / (loss)	-	-	38	23	61
Income tax expense	-	-	-	-	-
Segment result	-	-	(378)	(3,012)	(3,391)
Segment assets	9,098	19,805	124,067	16,067	169,037
Segment liabilities	-	(101)	(12,742)	(187)	(13,030)

Geographical information

	2020		2019	
	30 September	30 September	30 September	30 September
	Revenues	Non-current assets	Revenues	Non-current assets
	A\$'000	A\$'000	A\$'000	A\$'000
Australia	1,735	9,996	-	10,027
Uganda	-	20,337	-	19,353
United States of America	25	80,557	20	121,444
Other	-	1,745	-	2,438
Total	1,760	112,635	20	153,262

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

5. Other income

	Three months ended 30 September 2020 A\$'000	Three months ended 30 September 2019 A\$'000
Proceeds from R&D refund	1,537	11
Sale of royalty (i)	173	-
Sundry income	50	9
Total other income	1,760	20

i. In August 2020, the company sold its shares in Vox Royalty Corp (CVE: VOX), the shares were acquired as the result of non core royalty sales earlier in the year.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

6. Earnings/(loss) per share

	Three months ended 30 September 2020 A\$ Cents	Three months ended 30 September 2019 A\$ Cents
Profit/(Loss) per share		
Basic profit/(loss) per share - A\$ cents	(0.019)	(0.571)
Diluted profit/(loss) per share - A\$ cents	(0.019)	(0.571)

Basic earnings & diluted / (loss) per share

The calculation of basic earnings per share and diluted earnings per share, for the three months ended 30 September 2020 was based on the loss attributable to ordinary equity holders of the Company of A\$0.123 million (2019: loss of A\$3.391 million) and a weighted average number of ordinary shares outstanding during the period ended 30 September 2020 of 642,763,204 (2019: 594,265,717).

7. Cash and cash equivalents

	30 September 2020 A\$'000	30 June 2020 A\$'000
Bank balances	5,407	5,663
Cash and cash equivalents	5,407	5,663

8. Exploration and evaluation

	30 September 2020 A\$'000	30 June 2020 A\$'000
Cost		
Opening balance	53,590	27,396
Expenditure incurred and capitalised	1,462	13,187
Impact of foreign exchange rate movements	(2,680)	-
Additions from acquisition of eCobalt	-	13,991
Capitalised expenditure written off during the period	-	(1,063)
R&D tax offset recognised	-	79
Capitalised exploration and evaluation at end of year	52,372	53,590

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.

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

9. Property, plant and equipment

	Property, plant & equipment A\$'000	Office equipment, furniture & fittings A\$'000	Motor vehicles A\$'000	Assets under construction A\$'000	Total A\$'000
30 June 2020					
<i>Cost</i>					
As at 1 July 2020	1,986	148	254	56,991	59,379
Additions for the period	-	-	-	-	-
Disposals for the period	-	(7)	-	-	(7)
Foreign currency translation differences	(57)	(32)	(20)	(2,359)	(2,468)
As at 30 September 2020	1,929	109	234	54,632	56,904
<i>Depreciation and impairment</i>					
As at 1 July 2020	(55)	(11)	(100)	-	(166)
Depreciation charge for the period	(15)	(8)	(10)	-	(33)
Disposals	-	-	-	-	-
As at 30 September 2020	(70)	(19)	(110)	-	(199)
Net book value:					
As at 30 September 2020	1,859	90	124	54,632	56,705
	Property, plant & equipment A\$'000	Office equipment, furniture & fittings A\$'000	Motor vehicles A\$'000	Assets under construction A\$'000	Total A\$'000
30 June 2019					
<i>Cost</i>					
As at 1 July 2019	952	33	53	-	1,038
Additions through acquisition	1,663	144	183	55,681	57,671
Additions for the period	731	1,300	87	8,282	10,400
Disposals for the period	-	(100)	-	-	(100)
As at 30 June 2019	3,346	1,377	323	63,963	69,009
<i>Depreciation and impairment</i>					
As at 1 July 2019	(25)	(25)	(53)	-	(103)
Depreciation charge at acquisition date	(94)	(41)	(47)	-	(182)
Depreciation charge for the period	(615)	(683)	(33)	-	(1,331)
Disposals	-	(100)	-	-	(100)
As at 30 September 2019	(734)	(649)	(133)	-	(1,516)
Net book value:					
As at 30 September 2019	2,612	728	190	63,963	67,493

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

10. Reclamation deposits

	30 September 2020 US\$'000	30 June 2020 A\$'000
Reclamation Performance		
Bond Requirement	10,481	10,481
Insured	10,481	10,481
In Trust:		
US Treasury Securities	2,999	2,999
Impact of foreign exchange rate movements	91	-
Reclamation deposits	3,090	2,999

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.

11. Trade and other payables

	30 September 2020 A\$'000	30 June 2020 A\$'000
Trade payables	409	382
Accruals	497	352
Other payables	-	(19)
	906	715

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

12. Employee benefits

	30 September 2020 A\$'000	30 June 2020 A\$'000
Annual leave provision	122	146
Long service leave provision	18	18
Other employee entitlements	63	38
	203	202
Current	185	184
Non-current	18	18
	203	202

13. Asset retirement obligation

	30 September 2020 A\$'000	30 June 2020 A\$'000
Opening reclamation and closure cost balance	10,861	-
Liability assumed through acquisition of eCobalt	-	10,317
Foreign currency translation	(1,112)	159
Movements in economic assumptions and timing of cash flows	-	385
Closing reclamation and closure cost balance	9,749	10,861

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 have been calculated as at June 30, 2020 and were A\$10.861 million. The discount rate used to determine the present value of the obligation was nil, based on US Treasury Bond rate of 0.63% and a prima facie rate of inflation which exceeded the US Treasury Bond, and as such the inflation rate was adjusted to that which is inherently priced into the long term government bond. The Company assumes that reclamation and decommissioning will take place over a three-year period, commencing after the mine construction cessation. The provision metrics are updated at the interim and annual year-end closes.

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

14. Share capital

	30 September 2020 A\$'000	30 June 2020 A\$'000
Share Capital	164,476	166,249
Costs of raising equity	-	(1,773)
Value of options exercised	239	-
	164,715	164,476

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

	No of shares	A\$'000
Opening balance at 1 July 2020	642,252,545	164,476
<i>Movements in the period</i>		
Conversion of options	1,160,000	239
Closing share capital balance at 30 September 2020	643,412,545	164,715

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

	30 September 2020 Number of options	30 June 2020 Number of options
Balance at the beginning of the period	69,973,200	32,600,000
Granted	-	37,373,200
Forfeited	(2,300,700)	-
Exercised	(450,000)	-
Balance at the end of the period	67,222,500	69,973,200
Vested and exercisable at period end	25,100,000	25,100,000

Employee Options granted

The principal focus of the Company option plan is to provide incentivised compensation aligned with creating shareholder value. The Company option plan offers individuals the opportunity to acquire options over fully paid ordinary shares in the Company. Share options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject to satisfying vesting conditions and performance criteria. The shares when issued rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

During the interim financial period, no additional options were granted and 7,500,000 options at an exercise price of A\$0.295/share vested pursuant to the Company's option terms.

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

Unissued shares under options for Employee Options

As at 30 September 2020 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	12,050,000
15-Aug-24	\$0.240	2,500,000
30-Sep-24	\$0.240	5,000,000
14-Oct-27	\$0.220	2,500,000
31-Mar-28	\$0.150	11,822,500*
Total		67,222,500

Once exercised, the option holder will be issued ordinary shares in the Company. Details of the terms and conditions of options granted under the Staff Option Plan as part of the Group's Long-Term Incentive Plan are outlined in the Remuneration report of the Annual Report. The options do not entitle the holder to participate in any share issue of the Company. No shares have been issued by the Group during the three months at 30 September 2020 as a result of the exercise of options.

(vi) **Movements in options for services:**

	30 September 2020	30 June 2020
	Number of options	Number of options
Balance at the beginning of the period	550,000	300,000
Granted	-	250,000
Forfeited	-	-
Exercised	-	-
Balance at the end of the period	550,000	550,000
Vested and exercisable at period end	550,000	550,000

Options granted for services provided to the Company

During the interim financial period, no new options were issued to advisers to the Company in exchange for services rendered. Nil options were forfeited and nil exercised, thus bringing the options issued to service providers over ordinary shares in the Company to 550,000 as at 30 September 2020.

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.

JERVOIS MINING LIMITED AND CONTROLLED ENTITIES

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended 30 September 2020 and 30 September 2019

Unissued shares under options for services provided

As at 30 September 2020 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 related to services.

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

	30 September 2020 Number of options	30 June 2020 Number of options
Balance at the beginning of the period	30,099,750	19,554,512
Granted	-	45,047,475
Forfeited	-	
Exercised	-	(619,888)
Expired	-	(33,882,349)
Balance at the end of the period	30,099,750	30,099,750
Vested and exercisable at period end	30,099,750	30,099,750

Options granted as part of the acquisitions

During the interim financial period, no new options were issued as part of any acquisitions. Nil options were forfeited, nil exercised, and nil expired, thus bringing the options issued for acquisitions over ordinary shares in the Company to 30,099,750 as at 30 September 2020.

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
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		30,099,750

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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.

15. Share based payments

Recognised share-based payment expense

	30 September 2020 A\$'000	30 September 2019 A\$'000
Expense arising from equity settled share-based payment transactions (i)	(583)	-

- (i) Movement in the share based payment reserve is made up of (A\$0.583 million) in relation to options issued to Directors and employees and (A\$0.0) 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 nonvesting 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 unless specifically identified in the grant. The vesting conditions comprise a service condition only.

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.

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.

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16. Related party transactions

Related party disclosure

The Company acquired a related party relationship between prior M2 Cobalt management personnel, Dr. Jennifer Hinton and Mr. Tom Lamb and an external services company Great Rift Geosciences ("Great Rift") via the M2 Cobalt merger. Acquired in June 2019, Jervois uses Great Rift to provide Ugandan exploration management services including local administration and in-country management, accounting, payroll and treasury services, employee accommodation, and exploration staffing. Dr. Jennifer Hinton and Mr. Tom Lamb are also principals and co-owners of Great Rift. The commercial arrangements with Great Rift is conducted on an arms-length terms.

Amounts below represent payments to Great Rift (Canada) and Great Rift (Uganda) at which Dr. Hinton and Mr. Lamb are Directors. Payments made to Great Rift were solely for the in-country services outlined above. No loans have been made to key management personnel as of September 30, 2020.

	30 September 2020 A\$'000	30 September 2019 A\$'000
Management Services – Great Rift	(86)	(126)

17. Events after reporting period

On October 19, 2020 the Company announced the completion of a A\$45.0 million equity placement at a price of A\$0.305 per new ordinary share and will result in the issue of 147,540,985 new ordinary shares.

The Directors of the Company have identified no other subsequent events in the interval between the end of the financial period and the date of this report, which would be material or unusual in nature, and likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.