Consolidated Financial Statements
For the year ended 31 December 2023

Contents

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Revenue	4	195,230	353,897
Cost of goods sold	5(a)	(228,845)	(371,674)
Gross loss		**(33,615)**	**(17,777)**
Corporate and administrative expenses	5(b)	(26,236)	(27,138)
Suspension and other site costs	5(c)	(12,306)	-
Business development costs		(206)	(4,073)
Depreciation and amortisation	5(d)	(14,441)	(12,587)
Impairment and write-downs	16(a)	(174,525)	-
Other income / (expenses)	5(e)	20,000	6,506
Loss before interest and income tax		**(241,329)**	**(55,069)**
Interest income		1,350	601
Interest expense	6	(21,507)	(8,371)
Net finance costs		**(20,157)**	**(7,770)**
Loss before income tax		**(261,486)**	**(62,839)**
Income tax benefit	17	9,000	7,635
Loss for the year after income tax		**(252,486)**	**(55,204)**
Loss after income tax attributable to the owners of: Jervois Global Limited		**(252,486)**	**(55,204)**
Other comprehensive income			
Items that may be subsequently reclassified to the profit or loss:			
Exchange reserve arising on translation of foreign operations		882	1,580
Total other comprehensive income		**882**	**1,580**
Total comprehensive loss for the period attributable to the owners of: Jervois Global Limited		**(251,604)**	**(53,624)**
Loss per share (cents)			
Basic and diluted loss per share	7	(10.65)	(3.50)

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

Consolidated statement of financial position

As at 31 December 2023

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Current assets			
Cash and cash equivalents	20	45,368	152,647
Funds held in escrow	18	690	690
Trade and other receivables	8	19,254	45,191
Inventories	9	48,969	112,995
Financial assets at fair value through profit or loss	23	155	1,627
Other assets	10	3,886	5,248
Total current assets		**118,322**	**318,398**
Non-current assets			
Exploration and evaluation	13	5,291	4,696
Property, plant, and equipment	14	189,972	321,931
Intangible assets, including goodwill	15	96,254	100,593
Reclamation deposits	18	8,016	7,995
Deferred tax assets	17	3,797	-
Other assets	10	375	479
Total non-current assets		**303,705**	**435,694**
Total assets		**422,027**	**754,092**
Current liabilities			
Trade and other payables	11	19,709	56,593
Employee benefits	12	5,441	5,912
Borrowings	20	53,598	27,986
Lease liabilities	22	1,411	13,839
Asset retirement obligations	19	427	-
Income tax payable		39	574
Government grant		170	-
Financial liabilities at fair value through profit or loss	23	7,844	-
Total current liabilities		**88,639**	**104,904**
Non-current liabilities			
Deferred tax liabilities	17	-	6,249
Employee benefits	12	250	274
Borrowings	20	110,625	190,480
Lease liabilities	22	19,595	5,970
Asset retirement obligations	19	20,329	20,028
Financial liabilities at fair value through profit or loss	23	12,620	30,335
Total non-current liabilities		**163,419**	**253,336**
Total liabilities		**252,058**	**358,240**
Net assets		**169,969**	**395,852**
Equity			
Share capital	25	553,992	530,580
Other reserves	26	16,774	13,583
Accumulated losses		(400,797)	(148,311)
Total equity attributable to equity holders of the Company		**169,969**	**395,852**

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

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Issued capital	Other reserves	Accumulated losses	Total
		US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2023		**530,580**	**13,583**	**(148,311)**	**395,852**
Total comprehensive loss					
Loss for the period		-	-	(252,486)	(252,486)
Other comprehensive income					
Foreign currency translation differences for foreign operations		-	882	-	882
Total comprehensive loss for the period		**-**	**882**	**(252,486)**	**(251,604)**
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	25	24,985	-	-	24,985
Costs of raising equity	25	(1,757)	-	-	(1,757)
Share-based payments expense	27	-	2,509	-	2,509
Share-based payment transactions exercised	27	184	(200)	-	(16)
Balance as at 31 December 2023		**553,992**	**16,774**	**(400,797)**	**169,969**

	Note	Issued capital	Other reserves	Accumulated losses	Total
		US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2022		**375,910**	**13,969**	**(93,107)**	**296,772**
Total comprehensive loss					
Loss for the period		-	-	(55,204)	(55,204)
Other comprehensive income					
Foreign currency translation differences for foreign operations		-	1,580	-	1,580
Total comprehensive loss for the period		**-**	**1,580**	**(55,204)**	**(53,624)**
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	25	154,765	-	-	154,765
Costs of raising equity	25	(5,580)	-	-	(5,580)
Share-based payments expense	27	-	3,436	-	3,436
Share-based payment transactions exercised	27	5,485	(5,402)	-	83
Balance as at 31 December 2022		**530,580**	**13,583**	**(148,311)**	**395,852**

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

Consolidated statement of cash flows

For the year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Cash flows from operating activities			
Receipts from customers		234,616	364,844
Other income		210	298
Payments to suppliers and employees		(216,260)	(422,644)
Business development costs		(317)	(4,367)
Interest paid		(10,271)	(6,470)
Income tax paid		(1,018)	(4,696)
Total cash inflow / (outflow) from operating activities	**21(a)**	**6,960**	**(73,035)**
Cash flows from investing activities			
Interest received		1,338	594
Payments for exploration and evaluation		(1,999)	(94)
Payments for property, plant, and equipment		(91,145)	(137,771)
Proceeds from the sale of property, plant, and equipment		1,349	1,552
Proceeds from government grants		2,468	-
Total cash outflow from investing activities		**(87,989)**	**(135,719)**
Cash flows from financing activities			
Proceeds from the issue of shares		24,985	155,162
Share issue transaction costs		(1,813)	(6,361)
Transfer from funds held in escrow		-	113,500
Transfer to funds held in escrow – other		-	(690)
Payment of reclamation deposits		-	(6,066)
Proceeds from borrowings		25,000	57,500
Repayment of borrowings		(70,926)	-
Transaction costs related to loans and borrowings		(1,458)	-
Repayment of lease liabilities – principal		(2,119)	(931)
Total cash (outflow) / inflow from financing activities		**(26,331)**	**312,114**
Net (decrease) / increase in cash and cash equivalents		**(107,360)**	**103,360**
Cash and cash equivalents at the beginning of the period		152,647	49,181
Effects of exchange rate changes on cash and cash equivalents		81	106
Total cash and cash equivalents at the end of the period	**20**	**45,368**	**152,647**

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

Notes to the consolidated financial statements

For the year ended 31 December 2023

INTRODUCTION

1. CORPORATE INFORMATION

The consolidated financial statements cover Jervois Global Limited as a consolidated entity consisting of Jervois Global Limited ("Jervois" or the "Company") and the entities it controlled (together referred to as the "Group") at the end of, or during, the twelve-month period ended 31 December 2023 (the "period"). The financial statements are presented in United States dollars, and the Company's functional currency is Australian dollars.

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

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

The financial statements were authorised for issue on 18 March 2024 in accordance with a resolution of the Directors.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements, prepared by a for-profit entity, in accordance with Australian Accounting Standards ("AASB"), adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. These consolidated financial statements have been rounded to the nearest thousands, except when otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are recognised at fair value. Cost is based on the fair values of the consideration given in exchange for assets. Where necessary, comparative figures have been reclassified and repositioned for consistency with the current year disclosures.

(c) Foreign currency translation and balances

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(d) 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.

During the period, the Group recorded a net loss after income tax of US$252.486 million (31 December 2022: net loss after income tax of US$55.204 million) and had net assets of US$169.969 million (31 December 2022: US$395.852 million). The net loss after income tax for the period includes non-cash items including:

- Impairment of non-financial assets of US$174.525 million (31 December 2022: US$nil).
- Charges for the lower of inventory cost and net realisable value of US$29.957 million (31 December 2022: US$40.456 million).
- Share-based payment expenses of US$2.509 million (31 December 2022: US$3.436 million).

Notes to the consolidated financial statements

For the year ended 31 December 2023

During the period, net cash inflow from operating activities was US$6.960 million (31 December 2022: outflow of US$73.035 million), net cash outflow from investing activities was US$87.989 million (31 December 2022: outflow of US$135.719 million) and net cash outflow from financing activities was US$26.331 million (31 December 2022: inflow of US$312.114 million).

As at 31 December 2023, the Group had cash and cash equivalents of US$45.368 million (31 December 2022: US$152.647 million). As at 31 December 2023, the Group had total current assets of US$118.322 million (31 December 2022: US$318.398 million) and total current liabilities of US$88.639 million (31 December 2022: US$104.904 million), resulting in net current assets of US$29.683 million (31 December 2022: US$213.494 million).

The Directors believe that the going concern basis of accounting is appropriate for the following reasons:

- The Directors have considered several key assumptions affecting the Group's cash flow requirements over the 12-month period from the date of signing the consolidated financial statements. These include the economic environment in which the Group operates, including the outlook for commodity prices, forecast production volumes, and costs, as well as the regulatory environment in which the Group operates.
- The Directors have assessed the Group's consolidated cash flow requirements for the 12-month period from the date of approving the consolidated financial statements. The Group's consolidated cash flow forecasts use analyst consensus commodity price assumptions, current cash reserves, forecast cash flows from the Group's operations, liquidity available through the Group's borrowings facilities (subject to refinancing the secured revolving credit facility due 31 December 2024), consideration of economic and regulatory environmental factors in which the Company operates, various scenario analyses, and related cost reduction initiatives.
- Should the Group's financial position be adversely impacted by factors such as deterioration in the commodity price environment, the Group has options available to preserve cash and manage liquidity. These include, but are not limited to:
    - Further reducing the Group's planned operating and capital expenditure across Jervois Finland, ICO and SMP Refinery,
    - Reducing corporate and overhead costs,
    - Additional drawdown from the secured revolving credit facility (to the extent available under the terms of the facility),
    - Reduction in the Group's planned exploration (and associated site support), research and development, and other planned capital projects,
    - Proceeds from the successful execution of strategic financing initiatives which may include the sale of certain assets,
    - Raising additional funding, either through debt, equity, or other strategic partnerships, or
    - Pursuing other potential avenues for external support, including governmental programmes, particularly in the United States. This may include grants, tax incentives, or other forms of financial assistance.

Should Jervois be unable to execute its strategic business plans and objectives, including those listed above and refinancing the secured revolving credit facility due 31 December 2024, during the forecast period, a material uncertainty exists in regard to the ability of the Group to continue to operate as a going concern and, therefore, whether it will be able to realise its assets an extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. There can be no assurance that the Group will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Group is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely impact its business, financial condition, and operating results.

No adjustments have been made to the recoverability and classification of recorded assets amounts or the amount and classification of liabilities that might be necessary if the Group does not continue as a going concern.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(e) Principles of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, whilst any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(f) New or amended Accounting Standards and Interpretations

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Standards and Interpretations Board that are mandatory for the current reporting period. The adoption of these amendments did not have a significant impact on the Group.

(g) Accounting Standards issued but not yet effective

A number of new and amended Accounting Standards and Interpretations have been recently issued by the Australian Accounting Standards Board but are not yet effective at 31 December 2023. The Group will adopt any such amendments, if applicable, when they become effective. Their impact on future periods have been considered, however, with the exception of those discussed below, is not considered material to the Group.

Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This amendment specifies the requirements for classifying liabilities as current or non-current, clarifying:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral rights
- That only if any embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. However, the Group expects that these amendments would result in its unsecured convertible notes and conversion options being classified as a current liability, with all other variables being constant.

Notes to the consolidated financial statements
For the year ended 31 December 2023

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and is any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period and that have the most significant effect on the amounts recognised in the consolidated financial statements can be found in the following notes to the consolidated financial statements:

Reference	Description
Note 2(d)	Going concern basis of accounting
Note 8	Expected credit losses of trade receivables
Note 16	Recoverable amount – value-in-use and fair value less costs of disposal calculations
Note 17	Taxation – deferred tax assets
Note 19	Asset retirement obligations
Note 22	Leases – lease term
Note 22	Leases – incremental borrowing rate
Note 23	Fair value – financial instruments measured at fair value through profit or loss
Note 27	Share-based payments

Notes to the consolidated financial statements

For the year ended 31 December 2023

PERFORMANCE

4. SEGMENT INFORMATION

(a) Segment reporting

The Group is organised into the following reportable segments: cobalt refining and advanced manufacturing in Finland, mine development in the United States of America ("United States"), refining in Brazil and mineral exploration and evaluation in Australia. These segments are based on the internal reports that are reviewed and used by the Group's Chief Executive Officer (the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources.

The accounting policies used by the Group in reporting segments internally are the same as those used in the 31 December 2022 annual consolidated financial statements. The Group's operating segments are outlined below:

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

The Chief Operating Decision Maker monitors the expenditure outlays of each segment for the purpose of cost control and making decisions about resource allocation. The Group's administration and financing functions are managed on a group basis and are included in "Other". Information regarding these segments is presented below.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(b) Segment performance, segment assets, and segment liabilities

12 months to 31 December 2023	Note	Australia	Brazil	Finland	United States	Other	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers							
Type of goods or services:							
Sales of cobalt		-	-	195,230	-	-	195,230
Total revenue from contracts with external customers	(i)	-	-	195,230	-	-	195,230
Timing of revenue recognition:							
At a point in time		-	-	195,230	-	-	195,230
Over time		-	-	-	-	-	-
Total revenue from contracts with external customers		-	-	195,230	-	-	195,230
Other income		1	662	85	-	8	756
Segment expense		(13)	(8,083)	(202,228)	(17,479)	(9,245)	(237,048)
Adjusted EBITDA[1]		**(12)**	**(7,421)**	**(6,913)**	**(17,479)**	**(9,237)**	**(41,062)**
Fair value gain / (loss)	5(e)	-	-	17,715	(1,472)	2,311	18,554
Study costs		-	(206)	(382)	-	-	(588)
Inventory write-down	9	-	-	(29,957)	-	-	(29,957)
Impairment charge	16(a)	(100)	-	-	(174,425)	-	(174,525)
(Loss) / gain on sale of fixed assets		(62)	(10)	5	222	1	156
Depreciation and amortisation	5(d)	(2)	5	(11,440)	(2,831)	(173)	(14,441)
Interest income		1	13	2	149	1,185	1,350
Interest expense	6	-	(2,231)	(7,487)	(10,576)	(1,213)	(21,507)
Net foreign exchange gain / (loss)		-	-	382	(161)	313	534
Loss before income tax expense (segment result)		**(175)**	**(9,850)**	**(38,075)**	**(206,573)**	**(6,813)**	**(261,486)**
31 December 2023							
Segment assets		5,329	38,132	222,067	138,336	18,163	422,027
Segment liabilities		-	(27,394)	(76,712)	(122,995)	(24,957)	(252,058)

[1] Adjusted EBITDA represents earnings before interest, tax, depreciation, and amortisation ("EBITDA"), adjusted to exclude items which do not reflect the underlying performance of the Group's operations. Exclusions include fair value gains (or losses) on certain derivative items, study costs, one-off integration costs, inventory write-downs to net realisable value (or reversals), impairment charges (or reversals) of non-financial assets, and gains (or losses) on the sale of fixed assets.

Notes to the consolidated financial statements

For the year ended 31 December 2023

12 months to 31 December 2022	Note	Australia	Brazil	Finland	United States	Other	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers							
Type of goods or services:							
Sales of cobalt		-	-	353,897	-	-	353,897
Total revenue from contracts with external customers	(i)	-	-	353,897	-	-	353,897
Timing of revenue recognition:							
At a point in time		-	-	353,897	-	-	353,897
Over time		-	-	-	-	-	-
Total revenue from contracts with external customers		-	-	353,897	-	-	353,897
Other income		-	207	36	10	45	298
Segment expense		(35)	(2,302)	(334,777)	(8,222)	(11,806)	(357,142)
Adjusted EBITDA[1]		**(35)**	**(2,095)**	**19,156**	**(8,212)**	**(11,761)**	**(2,947)**
Fair value gain / (loss)	5(e)	-	-	7,665	(207)	-	7,458
Study costs		-	(3,423)	(498)	-	-	(3,921)
Integration costs		-	-	(1,366)	-	-	(1,366)
Inventory write-down	9	-	-	(40,456)	-	-	(40,456)
(Loss) / gain on sale of fixed assets		-	-	(130)	1,480	32	1,382
Depreciation and amortisation	5(d)	(7)	(817)	(10,975)	(682)	(106)	(12,587)
Interest income		-	7	4	91	499	601
Interest expense	6	-	(1,171)	(7,015)	(155)	(30)	(8,371)
Net foreign exchange gain / (loss)		-	1	(1,001)	(14)	(1,618)	(2,632)
Loss before income tax expense (segment result)		**(42)**	**(7,498)**	**(34,616)**	**(7,699)**	**(12,984)**	**(62,839)**
31 December 2022							
Segment assets		5,021	34,798	329,446	268,882	115,945	754,092
Segment liabilities		-	(24,055)	(180,397)	(151,761)	(2,027)	(358,240)

[1] Adjusted EBITDA represents earnings before interest, tax, depreciation, and amortisation ("EBITDA"), adjusted to exclude items which do not reflect the underlying performance of the Group's operations. Exclusions include fair value gains (or losses) on certain derivative items, study costs, one-off integration costs, inventory write-downs to net realisable value (or reversals), impairment charges (or reversals) of non-financial assets and gains (or losses) on the sale of fixed assets.

(i) Disaggregation of revenue from contracts with external customers

For the period ended 31 December 2023, revenues of approximately US$23.620 million are derived from one external customer and are attributed to the Finland segment. For the period ended 31 December 2022, revenues of approximately US$72.465 million are derived from one external customer and are attributed to the Finland segment.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(c) Geographical information

The Group operates in the below principal geographical areas.

	12 months to 31 December 2023 Income	As at 31 December 2023 Non-current Assets	12 months to 31 December 2022 Income	As at 31 December 2022 Non-current Assets
	US$'000	US$'000	US$'000	US$'000
Australia	1	5,272	-	4,981
Brazil	662	37,275	207	32,048
Finland	213,030	131,830	361,598	139,182
United States	-	129,137	10	259,186
Other	2,319	191	45	297
Total	**216,012**	**303,705**	**361,860**	**435,694**

ACCOUNTING POLICY

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the “expected value” or “most likely amount” method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probably that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sales of cobalt

Revenue from the sale of goods is recognised when the Group satisfies its performance obligations under its contract with the customer by transferring such goods to the customer’s control. Control is generally determined to be when risk and title to the goods passes to the customer.

Transfer of control is assessed in accordance with the terms of the customer contract, which typically occurs upon shipment of the product. Revenue is recognised upon receipt of the bill of lading when the goods are delivered for shipment under the contract terms. Where the contracts require the Group to deliver the product to the customer, revenue is not recognised until delivery has occurred, and the performance obligation has been satisfied under the contract terms. Payment terms are generally 30 to 60 days.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Notes to the consolidated financial statements

For the year ended 31 December 2023

5. EXPENSES

(a) Cost of sales

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Employee benefits expense	5(f)	17,504	17,671
Inventory write-downs to net realisable value		29,957	40,456
Site production costs		181,384	313,547
Total cost of sales		**228,845**	**371,674**

(b) Corporate and administrative expenses

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Employee benefits expense	5(f)	15,530	14,078
Sales and marketing costs		3,522	5,126
Integration costs		-	1,366
Professional fees		2,691	2,305
Insurance		1,720	234
Travel		872	1,141
Communication		679	1,090
Other corporate and administrative costs		1,222	1,798
Total corporate and administrative expenses		**26,236**	**27,138**

(c) Suspension and other site costs

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Site maintenance costs	(i)	6,620	-
Leases	22(ii)	1,039	-
Site de-watering expense	(ii)	1,688	-
Lease remeasurement	(iii)	1,897	-
Environmental liability	(iv)	1,062	-
Total suspension and other site costs		**12,306**	**-**

(i) Site maintenance costs

Site maintenance costs represents direct costs incurred at ICO during the suspension period, and at SMP Refinery, which are not eligible for capitalisation. These include, but are not limited to, costs incurred in maintaining facilities in good working order.

(ii) Site de-watering expense

The Group incurred costs of de-watering and rehabilitating the ICO mine during the period.

(iii) Lease remeasurement

During the period, the Group identified a lease remeasurement event in relation to its outstanding lease liability for the acquisition of SMP Refinery, reflecting the decision to defer payment of the final tranche due under the purchase agreement. As the related right-of-use asset was derecognised in the period by way of acquisition, the related increase in future lease payments has been recorded directly to the profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(iv) Environmental liability

The Group remeasured its environmental liability, which represents inherited obligations due to the acquisition of SMP Refinery. The related increase in estimated future remediation activities has been recorded directly to the profit or loss.

(d) Depreciation and amortisation

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Property, plant, and equipment	14	7,204	5,857
Right-of-use assets	14	1,437	1,346
Intangible assets	15	5,800	5,384
Total depreciation and amortisation		**14,441**	**12,587**

(e) Other income / (expenses)

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Gain on sale or disposal of fixed assets		156	1,382
Fair value loss on financial assets at FVTPL[1]	23	(1,472)	(207)
Fair value gain on financial liabilities at FVTPL[1]	23	20,026	7,665
Net foreign exchange gain / (loss)		534	(2,632)
Other income		756	298
Total other income / (expenses)		**20,000**	**6,506**

[1] FVTPL represents financial assets or liabilities measured at fair value through profit or loss ("FVTPL").

(f) Employee benefits expense

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Salaries, wages, and other employee benefits		29,328	27,602
Defined contribution plan		534	711
Termination benefits		663	-
Share-based payments	27	2,509	3,436
Total employee benefits expense		**33,034**	**31,749**
Cost of sales	5(a)	17,504	17,671
Corporate and administrative expenses	5(b)	15,530	14,078
Total employee benefits expense		**33,034**	**31,749**

Notes to the consolidated financial statements

For the year ended 31 December 2023

6. INTEREST EXPENSE

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Interest on borrowings	18,581	7,142
Interest on asset retirement obligations	1,445	186
Interest on lease liabilities	1,481	1,229
Total interest expense	**21,507**	**8,557**

7. LOSS PER SHARE

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Loss before income tax	261,486	62,839
Basic loss per share (cents)	10.65	3.50
Diluted loss per share (cents)	10.65	3.50
Weighted average number of ordinary shares used in calculating basic loss per share	2,370,954,167	1,578,223,891
Weighted average number of dilutive securities outstanding[1]	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	2,370,954,167	1,578,223,891

[1] Employee options and other options granted have been included in the determination of diluted earnings per share to the extent that they are dilutive. Those options that are deemed anti-dilutive could potentially dilute basic earnings per share in future periods.

ACCOUNTING POLICY

Basic earnings / (loss) per share is calculated by dividing the loss attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year. Diluted earnings / (loss) per share adjusts the figures used in the determination of basic earnings / (loss) per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the consolidated financial statements

For the year ended 31 December 2023

WORKING CAPITAL

8. TRADE AND OTHER RECEIVABLES

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Trade receivables		14,388	22,413
Allowance for expected credit losses		(17)	(109)
Trade receivables, net		**14,371**	**22,304**
Other receivables	(i)	3,203	18,888
Tax receivables[1]		1,680	3,999
Total trade and other receivables		**19,254**	**45,191**

[1] Includes sales and other tax receivables but excludes income tax.

(i) Other receivables

Other receivables include mark-to-market adjustments totalling US$2.968 million (31 December 2022: US$17.844 million) related to feed purchases received and provisionally invoiced and represents a net receivable for the Group.

ACCOUNTING POLICY

Trade receivables represent outstanding customer balances less any allowances for expected credit losses ("ECL") as at the end of a reporting period and are recorded when revenue is recognised. An assessment of the business model for managing the receivables is required to determine the appropriate classification and measurement. The business model pertaining to those receivables that do not contain provisional pricing features is to hold the assets to collect the contractual cash flows and as such, these financial assets are classified as at amortised cost. Other receivables are recognised at amortised cost, less any allowance for ECLs.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted.

At each reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs if a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

9. INVENTORIES

	31 December 2023	31 December 2022
	US$'000	US$'000
Raw materials	5,554	33,159
Work in progress	818	1,790
Finished goods	34,337	69,766
Stores and consumables	8,260	8,280
Total inventories	**48,969**	**112,995**

Notes to the consolidated financial statements

For the year ended 31 December 2023

Net realisable value

Inventories are valued at the lower of weighted-average cost and net realisable value. Finished goods, including the comparative period, are carried at their net realisable value. For the twelve months ended 31 December 2023, the Group recognised a cumulative impact of non-cash adjustments made to inventory for the lower of cost and net realisable value of US$29.957 million (31 December 2022: US$40.456 million).

ACCOUNTING POLICY

Inventories are valued at the lower of weighted-average cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a weighted-average basis.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in other comprehensive income, in respect of the purchases of raw materials. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

10. OTHER ASSETS

	31 December 2023	31 December 2022
	US$'000	US$'000
Term deposits	113	79
Prepayments	3,773	5,169
Security deposits	14	14
Deferred charges	361	465
Total other assets	**4,261**	**5,727**
Current	3,886	5,248
Non-current	375	479
Total other assets	**4,261**	**5,727**

11. TRADE AND OTHER PAYABLES

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Trade payables		13,696	34,920
Other payables		3,583	4,631
Accruals	(i)	2,241	16,999
Tax payables[1]		189	43
Total trade and other payables		**19,709**	**56,593**

[1] Includes sales and other tax payables but excludes income tax.

(i) Accruals

For the comparative period, accruals consisted primarily of items relating to the development of ICO.

ACCOUNTING POLICY

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the consolidated financial statements

For the year ended 31 December 2023

12. EMPLOYEE BENEFITS

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Annual and vacation leave		2,920	2,417
Long service leave		217	238
Other entitlements		2,554	3,531
Total employee benefits		**5,691**	**6,186**
Current		5,441	5,912
Non-current		250	274
Total employee benefits		**5,691**	**6,186**

ACCOUNTING POLICY

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual and vacation leave, and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual and vacation leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimate future cash outflows.

Notes to the consolidated financial statements

For the year ended 31 December 2023

RESOURCE ASSETS AND LIABILITIES

13. EXPLORATION AND EVALUATION

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Opening balance		**4,696**	**4,933**
Expenditure incurred and capitalised	(i)	2,087	94
Less: Reimbursement of expenditure	(i)	(1,483)	-
Foreign currency translation		(9)	(331)
Total exploration and evaluation		**5,291**	**4,696**

(i) Sunshine drilling campaign

During the current period, the Group completed a drilling campaign at its Sunshine deposit located in Idaho, United States. The drilling campaign direct expenditure and associated Jervois programme supervision and administration is fully refundable under the United States Department of Defense funding agreement. There are no unfulfilled conditions or contingencies attached to these grants.

ACCOUNTING POLICY

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. These assets are classified as tangible assets in the statement of financial position. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The carrying value relating to an area of interest is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

The value of any government grants, including research and development tax incentives, received in relation to exploration assets is recognised by deducting the grant when arriving at the carrying value of the asset. As any site moves into operational mode, exploration and evaluation assets are reclassified as mine properties and accordingly amortised using units of production method over the life of mine. As site operations transition from the exploration stage to development of mining operations (i.e., construction stage), exploration and evaluation expenditures are reclassified as assets under construction. These exploration and evaluation assets are assessed for impairment prior to reclassification as assets under construction. Assets under construction are considered a subset of property, plant, and equipment and are depreciated accordingly as commercial production commences.

Notes to the consolidated financial statements

For the year ended 31 December 2023

14. PROPERTY, PLANT, AND EQUIPMENT

31 December 2023	Land and buildings	Plant and equipment	Assets under construction	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost	40,101	55,451	278,356	7,329	381,237
Accumulated depreciation and impairment	(1,692)	(13,803)	(173,875)	(1,895)	(191,265)
Net book value	**38,409**	**41,648**	**104,481**	**5,434**	**189,972**

31 December 2022	Land and buildings	Plant and equipment	Assets under construction	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost	21,796	47,239	253,191	9,613	331,839
Accumulated depreciation and impairment	(121)	(8,698)	-	(1,089)	(9,908)
Net book value	**21,675**	**38,541**	**253,191**	**8,524**	**321,931**

(a) Movement in carrying amounts of property, plant, and equipment

12 months to 31 December 2023	Note	Land and buildings	Plant and equipment	Assets under construction	Right-of-use assets	Total
		US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
Balance as at 1 January 2023		21,796	47,239	253,191	9,613	331,839
Additions for the period		67	267	51,091	1,347	52,772
Disposals for the period		(317)	(792)	(282)	(3,572)	(4,963)
Reclassifications or transfers	(i)	17,954	7,707	(26,600)	-	(939)
Foreign currency translation		601	1,030	956	(59)	2,528
Balance as at 31 December 2023		40,101	55,451	278,356	7,329	381,237
Accumulated depreciation and impairment						
Balance as at 1 January 2023		(121)	(8,698)	-	(1,089)	(9,908)
Depreciation charge for the period	5(d)	(1,474)	(5,730)	-	(1,437)	(8,641)
Impairment charge	16(a)	-	(100)	(173,875)	(550)	(174,525)
Disposals for the period		-	334	-	1,113	1,447
Foreign currency translation		(97)	391	-	68	362
Balance as at 31 December 2023		(1,692)	(13,803)	(173,875)	(1,895)	(191,265)
Net book value as at 31 December 2023		**38,409**	**41,648**	**104,481**	**5,434**	**189,972**

Notes to the consolidated financial statements

For the year ended 31 December 2023

12 months to 31 December 2022	Note	Land and buildings	Plant and equipment	Assets under construction	Right-of-use assets	Total
		US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
Balance as at 1 January 2022		13,862	25,363	91,586	23,192	154,003
Additions for the period		487	1,056	159,262	8,138	168,943
Additions through acquisitions	(ii)	7,071	18,748	6,823	-	32,642
Disposals for the period		-	(155)	(172)	-	(327)
Reclassifications or transfers	(i), (ii)	208	1,203	(4,406)	(22,377)	(25,372)
Foreign currency translation		168	1,024	98	660	1,950
Balance as at 31 December 2022		21,796	47,239	253,191	9,613	331,839
Accumulated depreciation and impairment						
Balance as at 1 January 2022		(165)	(2,240)	-	(903)	(3,308)
Depreciation charge for the period	5(d)	(74)	(5,783)	-	(1,346)	(7,203)
Disposals for the period		-	33	-	-	33
Reclassifications or transfers	(ii)	118	(118)	-	1,160	1,160
Foreign currency translation		-	(590)	-	-	(590)
Balance as at 31 December 2022		(121)	(8,698)	-	(1,089)	(9,908)
Net book value as at 31 December 2022		**21,675**	**38,541**	**253,191**	**8,524**	**321,931**

(i) Transfers to intangible assets

Net transfers of US$0.939 million (31 December 2022: US$2.995 million) relate to transfers to intangible assets (note 15) from assets under construction, a component of property, plant, and equipment.

(ii) Acquisition of SMP Refinery (prior period)

As a result of the Company's acquisition of SMP Refinery, the Group derecognised a net amount of US$21.217 million in right-of-use assets and concurrently recognised a variety of assets acquired and liabilities assumed, including US$32.642 million in property, plant, and equipment, which has been reflected as an addition through acquisition in the above movement in carrying amounts table. Refer to note 32 for further details.

ACCOUNTING POLICY

Property, plant, and equipment (excluding right-of-use assets)

All classes of property, plant, and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant, and equipment (excluding land) over their expected useful lives.

Asset class	Useful life
Buildings	5 – 50 years
Plant and equipment	5 – 40 years

The residual values, useful lives, and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. An item of property, plant, and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Assets under construction

Expenditure is transferred from exploration and evaluation assets to assets under construction, which is a component of property, plant, and equipment, once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation, or completion of infrastructure facilities is capitalised in assets under construction. Where applicable, development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended are recognised in profit or loss.

Right-of-use assets

Right-of use assets are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Asset acquisitions that do not constitute a business

In the case of acquiring an asset (or group of assets) that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the cost to those individual identifiable assets and liabilities based on their relative fair values at the date of purchase. Such transactions do not give rise to goodwill.

15. INTANGIBLE ASSETS

31 December 2023	Goodwill	Software	Commercial contracts	Total
	US$'000	US$'000	US$'000	US$'000
Cost	37,909	5,002	66,465	109,376
Accumulated amortisation and impairment	-	(1,041)	(12,081)	(13,122)
Net book value	**37,909**	**3,961**	**54,384**	**96,254**

31 December 2022	Goodwill	Software	Commercial contracts	Total
	US$'000	US$'000	US$'000	US$'000
Cost	37,909	3,540	66,465	107,914
Accumulated amortisation and impairment	-	(435)	(6,886)	(7,321)
Net book value	**37,909**	**3,105**	**59,579**	**100,593**

Goodwill

Goodwill acquired through a business combination is allocated to the cash generating unit ("CGU") or groups of CGUs that are expected to benefit from the related business combination and tested for impairment at the lowest level within the Group at which goodwill is monitored for internal management purposes. All goodwill and intangible assets that have an indefinite life are tested annually for impairment, regardless of whether there has been an impairment trigger, or more frequently if events or changes in circumstances indicate a potential impairment. Management considers the smallest group of assets that independently generates cash flows, and whose cash flows is largely independent of the cash flows generated by other assets, to be the Jervois Finland business and thus the goodwill asset is allocated to this CGU.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(a) Movement in carrying amounts of intangible assets

12 months to 31 December 2023	Note	Goodwill	Software	Commercial contracts	Total
		US$'000	US$'000	US$'000	US$'000
Cost					
Balance as at 1 January 2023		37,909	3,540	66,465	107,914
Additions for the period		-	523	-	523
Reclassifications or transfers		-	939	-	939
Balance as at 31 December 2023		37,909	5,002	66,465	109,376
Accumulated amortisation and impairment					
Balance as at 1 January 2023		-	(435)	(6,886)	(7,321)
Amortisation charge for the period	5(d)	-	(605)	(5,195)	(5,800)
Foreign currency translation		-	(1)	-	(1)
Balance as at 31 December 2023		-	(1,041)	(12,081)	(13,122)
Net book value as at 31 December 2023		**37,909**	**3,961**	**54,384**	**96,254**

12 months to 31 December 2022	Note	Goodwill	Software	Commercial contracts	Total
		US$'000	US$'000	US$'000	US$'000
Cost					
Balance as at 1 January 2022		37,909	663	66,465	105,037
Additions through acquisitions		-	8	-	8
Disposals for the period		-	(130)	-	(130)
Reclassifications or transfers		-	2,995	-	2,995
Foreign currency translation		-	4	-	4
Balance as at 31 December 2022		37,909	3,540	66,465	107,914
Accumulated amortisation and impairment					
Balance as at 1 January 2022		-	(247)	(1,690)	(1,937)
Amortisation charge for the period	5(d)	-	(188)	(5,196)	(5,384)
Balance as at 31 December 2022		-	(435)	(6,886)	(7,321)
Net book value as at 31 December 2022		**37,909**	**3,105**	**59,579**	**100,593**

(i) Transfers to property, plant, and equipment

Net transfers of US$0.939 million (31 December 2022: US$2.995 million) relate to transfers from assets under construction, and component of property, plant, and equipment (note 14).

ACCOUNTING POLICY

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Asset class	Useful life
Goodwill	Indefinite
Software	5 – 16 years
Commercial contracts	3 – 37 years

Notes to the consolidated financial statements

For the year ended 31 December 2023

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant, and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

ACCOUNTING POLICY

Non-financial assets (excluding goodwill)

At each reporting date, the Group assesses whether there is an indication that an individual asset or CGU may be impaired. If an indication exists, the Group performs a detailed assessment of the non-financial asset's recoverable amount to determine whether it exceeds the asset's carrying amount. The recoverable amount is the higher of an asset or CGU's fair value less costs of disposal ("FVLCD") or value-in-use ("VIU"). Where an asset or CGU is determined to be impaired, the amount is recognised in the carrying amount of the asset with the related expense included in profit or loss.

At each reporting date, the Group considers whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed if there has been a change in the assumptions used to determine the asset or CGU's recoverable amount since the last impairment loss was recognised. An impairment reversal is limited to the lesser of the amount that would not cause the carrying amount to exceed its recoverable amount or the value that would have been determined (net of depreciation) had no impairment loss been recognised.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Recoverable amount – value-in-use and fair value less costs of disposal calculations

The determination of the ICO CGU, Jervois Brasil CGU, Nico Young (exploration and evaluation asset), and Jervois Finland CGU recoverable amounts require management to incorporate key estimates and assumptions when performing VIU and FVLCD calculations. A change in one or more of these estimates or assumptions used could result in a material change of the estimated VIU or FVLCD calculation and impact the Group's assessment against its recoverable amount.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(a) Summary of impairment losses

Total impairment and asset write-downs during the period are laid out below.

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Assets under construction	14, (i)	173,875	-
Plant and equipment	14, (iv)	100	-
Right-of-use assets	14, (iv)	550	-
Total impairment and write-downs		**174,525**	**-**

Non-financial assets (excluding goodwill)

(i) ICO CGU

The Group has considered whether impairment indicators exist that may require a formal estimate of its non-financial assets or CGUs' recoverable amounts compared to their carrying values. During the reporting period ended 30 June 2023, it was assessed that indicators of impairment existed in relation to the ICO CGU due to continuing low cobalt prices and the United States inflationary impacts on construction costs, which underpinned the decision to suspend final construction and full concentrator commissioning at the mine. At this time, a detailed estimate of the recoverable amount of the ICO CGU was undertaken using a FVLCD approach and resulted in an impairment charge of US$40.246 million. At 31 December 2023, it was assessed that indicators of impairment existed due to persisting low cobalt prices aligned to downgrades in analyst consensus forecasts, leading to the reassessment of the mine suspension period, and the Group's market capitalisation deficit. As a result, a further detailed estimate of the recoverable amount of the ICO CGU was undertaken using a FVLCD approach at 31 December 2023 resulting in an additional impairment charge of US$133.629 million.

Fair value is estimated based on a DCF approach using market consensus-based commodity price assumptions, estimated production volumes based on the reserves mine plan, capital costs, and operating costs, based on the CGU's latest life of mine ("LOM") plans. Where multiple investment options and economic input ranges exist, fair value may be determined from a combination of two or more scenarios that are weighted to provide a single fair value that is determined to be the most indicative. When plans and scenarios used to estimate fair value do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the estimation of fair value.

The fair value estimates are considered to be Level 3 fair value measurements as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning and budgeting process, including LOM plans, latest short-term forecasts, and CGU-specific studies.

As a result of these formal estimates, it was concluded that the carrying amount of the ICO CGU exceeded its estimated recoverable amount of US$117.715 million as at 31 December 2023, and impairment adjustments were required to assets under construction, a component of property, plant, and equipment, totalling US$173.875 million for the period ended 31 December 2023 (31 December 2022: impairment charge: US$nil). The impairment charges are primarily due to continuing low cobalt prices and downgrades in analyst consensus forecasts, extension of the mine suspension period, and the United States inflationary impacts on construction costs.

(ii) Jervois Brasil CGU

During the reporting period, it was assessed that indicators of impairment existed in relation to the Jervois Brasil CGU due to the deferral of the refinery start-up, decline in nickel prices, and the Group's market capitalisation deficit. As a result, a detailed estimate of the recoverable amount of the Jervois Brasil CGU was undertaken using a VIU approach.

The VIU calculations use post-tax cash flows, inclusive of working capital movements, which are based on financial projections approved by the Group covering a five-year period and specific tax rates applicable to the Jervois Brasil CGU. A terminal value is calculated from year six onwards with a growth factor of zero.

As a result of this formal estimate, it was concluded no impairment was required in relation to the Jervois Brasil CGU as at 31 December 2023 (31 December 2022: impairment charge: US$nil).

Notes to the consolidated financial statements

For the year ended 31 December 2023

(iii) Exploration and evaluation

Nico Young

During the reporting period, it was assessed that indicators of impairment existed in relation to the Group's Nico Young area of interest. As a result, a detailed estimate of the recoverable of the Nico Young exploration and evaluation asset was undertaken using a FVLCD approach, which incorporated Level 3 fair value measurements including an estimate of the value of unmined resources, as well as enterprise value multiples.

As a result of this formal estimate, it was concluded no impairment was required in relation to the Nico Young exploration and evaluation asset as at 31 December 2023 (31 December 2022: impairment charge: US$nil).

Other exploration and evaluation

No impairment charges in relation to the Group's other exploration or evaluation assets were recognised during the period ended 31 December 2023 (31 December 2022: impairment charge: US$nil).

(iv) Other non-financial assets

The Group recognised other impairment charges on non-financial assets including US$0.100 million (31 December 2022: US$nil) on items of plant and equipment, and US$0.550 million (31 December 2022: US$nil) on right-of-use assets during the period ended 31 December 2023.

(v) Impairment reversals

No impairment reversals were recognised during the period ended 31 December 2023 (31 December 2022: US$nil).

Goodwill

(i) Jervois Finland CGU

Goodwill of US$37.909 million is recognised in the Jervois Finland CGU following its acquisition on 1 September 2021. A detailed estimate of the recoverable amount of this CGU was undertaken as at 31 December 2023 using a VIU approach.

The VIU calculations use post-tax cash flows, inclusive of working capital movements, which are based on financial projections approved by the Group covering a three-year period and specific tax rates applicable to the Jervois Finland CGU, being the basis of the Group's forecasting and planning processes. Cash flows beyond the projection are extrapolated to provide a maximum of five years of cash flows with adjustments where necessary to reflect changes in long-term operating conditions. A terminal value is calculated from year six onwards with a growth factor of zero. In addition, the Jervois Finland CGU has set a 2035 net zero greenhouse gas emissions target. The Group did not identify any material adverse financial reporting impacts in reaching this target, which have not otherwise been incorporated into projections.

As a result of this formal estimate, it was concluded no impairment was required in relation to the Jervois Finland CGU as at 31 December 2023 (31 December 2022: impairment charge: US$nil).

(b) Key assumptions and estimates

The Group has determined that the recoverable amount calculations are most sensitive to changes in the following estimates and assumptions:

Key estimates and assumptions	Applicable to ICO	Applicable to Jervois Brasil	Applicable to Jervois Finland
Commodity prices, including payability percentages applicable to intermediate products	Yes	Yes	Yes
Discount rates	Yes	Yes	Yes
Production, sales, and refining volumes	Yes	Yes	Yes
Operating and capital expenditure	Yes	Yes	Yes
Estimated reserves and resources	Yes	No	No
Timing and cost of mine / refinery start-up	Yes	Yes	No
Direct benefits expected to be available to eligible critical mineral producers in the United States under applicable legislation	Yes	No	No

Notes to the consolidated financial statements

For the year ended 31 December 2023

(i) Commodity prices

Commodity prices are sourced from independent external market forecasts, including investment bank estimates, and reviewed at least annually. Forecast pricing for cobalt intermediate products (payability) is based on the Group's expectations, commensurate with applicable cobalt prices applied in the forecast period. Where applicable, payability assumptions have been cross-checked against available historical pricing information.

	2024	2025	2026	2027	2028	2029+
Cobalt (US$ per pound)	15.0	19.7	18.1	20.0	21.2	20.0
Copper (US$ per pound)	3.7	4.0	4.1	4.0	3.9	3.9
Gold (US$ per ounce)	1,938	1,900	1,850	1,792	1,711	1,700
Nickel (US$ per pound)	8.6	9.0	9.0	9.0	8.7	8.6

(ii) Discount rates

In determining the recoverable amount of CGUs, the future cash flows were discounted using rates based on the Group's estimated real after-tax weighted average cost of capital ("WACC"), with an additional premium applied having regard to the geographic location of, and specific risks associated with, the CGU. The WACC (real, post-tax) discount rates used were as follows:

	31 December 2023	31 December 2022
ICO CGU	8.2%	8.3%
Jervois Brasil CGU	9.4%	N/A
Jervois Finland CGU	10.0%	10.3%

(iii) Other key estimates and assumptions

Production activity and operating and capital cost assumptions are based on the Group's latest forecasts and longer-term plans, which include the recent decision to suspend final construction and full concentrator commissioning at ICO. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow and optimise operating and capital costs. These projections also include regulatory benefits associated with the policy environment in the United States expected to be available for critical mineral producers.

(c) Sensitivity analysis

The Group's sensitivity to a reasonably possible change in the key estimates and assumptions used in determining the recoverable amount of the ICO CGU and Jervois Finland CGU (as applicable) and the consequential impact on their respective recoverable amount, or in the case of the ICO CGU, would result in a higher / (lower) impairment charge, is laid out below.

	Sensitivity	ICO	Jervois Finland
		US'000	US'000
Increase / decrease in cobalt price	10%	± 29,000	± 74,000
Increase / decrease in discount rates	0.5%	± 3,000	± 14,000
Increase / decrease in operating costs	5%	± 14,000	± 29,000
Increase / decrease in refining volumes	3%	N/A	± 66,000
Increase in suspension period	+ 12 months	+ 20,000	N/A

Each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is taken by management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

At 31 December 2023, the recoverable amount of the Jervois Finland CGU is 1.6 times the CGU's carrying value, comprising non-current assets (including goodwill) and net working capital. The Jervois Finland CGU is most sensitive to the cobalt price assumption. Cobalt prices can, however, be uncertain. To illustrate the sensitivity of this assumption, if the forecast cobalt price was to differ such that the expected cash flow forecasts for the Jervois Finland CGU were to decrease by approximately 13% across the forecast period, without implementation of mitigation plans and / or a commensurate deduction in the pricing of cobalt feed raw materials or other operating costs, the recoverable amount would be equal to the carrying amount.

Notes to the consolidated financial statements

For the year ended 31 December 2023

17. TAXATION

(a) Reconciliation of income tax expense to profit / (loss) before tax

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Loss before income tax	(261,486)	(62,839)
Income tax benefit at domestic corporation tax rate 30% (2022: 30%)	78,446	18,852
Changes in income tax due to:		
Effect of different tax rates in foreign jurisdictions	11,208	4,270
Effect of expenses that are non-deductible	39,648	1,044
Effect of temporary differences	3,773	(5,209)
Current period tax losses for which deferred tax assets were not recognised	14,817	11,112
Total income tax benefit	**9,000**	**7,635**

ACCOUNTING POLICY

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses, and the adjustment recognised for prior periods, where applicable.

(b) Movement in deferred tax

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Losses recognised	(i)	17,368	9,161
Prepayments		(282)	-
Inventories		184	(377)
Property, plant, and equipment		(4,258)	(3,343)
Intangible assets		(11,073)	(12,037)
Trade and other payables		338	235
Lease liabilities		1,373	-
Employee benefits		147	112
Net deferred tax asset / (liability)		**3,797**	**(6,249)**

(i) Deferred tax related to carried-forward tax losses

Deferred tax assets include an amount of US$17.368 million (31 December 2022: US$9.161 million), which reflects carried-forward tax losses relating to the Finland segment. The Finland segment has incurred the losses over the last two financial years. The Group has concluded that the related deferred tax assets will be recoverable using the estimated future taxable income based on the approved budget and forecasts for the Finland segment. The Finland segment is expected to generate taxable income in 2024. The losses can be carried forward for a period of ten subsequent years.

Notes to the consolidated financial statements

For the year ended 31 December 2023

ACCOUNTING POLICY

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates, or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary difference and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(c) Unrecognised tax losses

	31 December 2023	31 December 2022
	US$'000	US$'000
Unused tax losses for which no deferred tax asset has been recognised:		
Opening balance	**179,187**	**157,449**
Current period tax losses for which no deferred tax asset was recognised	60,570	33,063
True-up of prior period unused tax losses	(23,765)	(7,452)
Translation of prior year losses	(2,538)	(3,873)
Total potential tax benefit at 30% (2022: 30%)	**64,036**	**53,756**

Potential tax benefit

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. The benefit of these tax losses will only be obtained if the entity to which the tax losses relate derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction to be realised, and if that entity continues to comply with the conditions for deductibility imposed by the relevant law, subject to no changes in tax legislation occurring that would adversely impact the realisation of those potential deductions.

At 31 December 2023, there was nil (31 December 2022: nil) franking credit.

(d) Unrecognised temporary differences

Unrecognised deferred tax assets related to temporary differences as at 31 December 2023 were US$27.330 million.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Taxation - deferred tax assets

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2023

18. RECLAMATION DEPOSITS

	31 December 2023	31 December 2022
	US$'000	US$'000
Reclamation performance bond – surface surety	14,971	14,971
Reclamation performance bond – water treatment	25,137	25,137
Insured	**40,108**	**40,108**
In Trust:		
Funds held in escrow – United States Forest Service	690	690
Reclamation deposits – United States Bonds	8,016	7,995
Foreign currency translation	6	27
Total reclamation deposits	**8,712**	**8,712**

Reclamation performance bonds

The United States Forest Service ("USFS") requires Jervois to place Reclamation Performance Bonds, which functions as a financial guarantee, in the collective amount of US$40.108 million (31 December 2022: US$40.108 million) in relation to surface disturbances from pre-construction activities and water treatment at ICO.

Securities related to reclamation performance bonds

The underlying assets securing the reclamation performance bonds are US$8.022 million (31 December 2022: US$8.022 million), reflected as "reclamation deposit" on the statement of financial position as at 31 December 2023, and US$0.690 million (31 December 2022: US$0.690 million), reflected as "funds held in escrow" on the statement of financial position as at 31 December 2023, reflecting cash security held directly with the USFS.

The surface portion of the reclamation performance bond will be released upon meeting the reclamation requirements of the USFS at the end of the mine's life. The water treatment portion of the reclamation performance bond will be released post-closure once the USFS has confirmed that required water treatment, if any, has been completed.

19. ASSET RETIREMENT OBLIGATIONS

(a) Summary of asset retirement obligations

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Mine rehabilitation	(i)	9,998	8,301
Refinery decommissioning	(ii)	4,873	7,534
Environmental liability	(iii)	5,875	4,178
Oher rehabilitation		10	15
Total asset retirement obligations		**20,756**	**20,028**
Current		427	-
Non-current		20,329	20,028
Total asset retirement obligations		**20,756**	**20,028**

(i) Mine rehabilitation

Mine rehabilitation relates to ICO for surface disturbance due to construction activity. The discounted cash flows of the disturbance incorporate current economic market assumptions for long-term inflation and a discount rate based on a United States Treasury Bond rate of 3.88% (31 December 2022: 3.59%). Reclamation activities will primarily be initiated at the cessation of mining activities; however, some reclamation will occur concurrently, where possible, on areas no longer required for the mining operation.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(ii) Refinery decommissioning

Refinery decommissioning relates to SMP Refinery for surface disturbance due to structural assets. The discounted cash flows of the disturbance incorporate current economic market assumptions for long-term inflation and a discount rate based on a consensus long-term Special System for Settlement and Custody ("SELIC") rate of 8.34% (31 December 2022: utilised an average of Brazilian bank forecasts ranging from 13.16% (short-term) to 8.25% (long-term)). Reclamation activities will primarily be initiated at the cessation of operating activities.

(iii) Environmental liability

The environmental liability represents inherited obligations due to the acquisition of SMP Refinery. The discounted cash flows of the disturbance incorporate current economic market assumptions for long-term inflation and a discount rate that is consistent with those applied for the refinery decommissioning mentioned in (ii) above. Environmental remediation activities have commenced; however, the aggregate amount of expenditure incurred is not a significant component of the total outstanding estimated cash flows.

(b) Movement in asset retirement obligations

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Opening balance		**20,028**	**7,746**
Liability assumed through acquisition	32	-	11,428
Reclamation activities during the period		(393)	-
Movements in economic assumptions and cash flows		(1,357)	366
Unwinding of discount		1,445	-
Foreign currency translation		1,033	488
Closing balance		**20,756**	**20,028**

ACCOUNTING POLICY

The Group 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 for those future costs, movements in foreign exchange rates, other specific risks associated with the related liabilities.

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. 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.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Asset retirement obligations

The Group 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. Judgement is used to estimate future costs which incorporate assumptions on the effects of inflation on those future costs, the expected timing of future cash flows, movements in foreign exchange rates, and other specific risks associated with the related liabilities. Where a change in estimate or economic assumption occurs, the corresponding increase or decrease to the provision will be reflected in the carrying value of the related asset, where applicable. Alternatively, the change is recognised directly in consolidated statement of profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2023

CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

The Company's financial objectives are to generate positive shareholder investment returns via cashflow generation, meet all financial obligations, continue to operate as a going concern so to underpin positive shareholder value, pursue an optimal capital structure to minimise the cost of capital, and maintain a strong balance sheet to leverage growth opportunities. Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total interest-bearing loans and borrowings, including lease liabilities, less cash and cash equivalents. Management carefully monitors cash flows to achieve these objectives. The Company's strategy remains unchanged from the previous year.

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20. NET DEBT

	31 December 2023	31 December 2022
	US$'000	US$'000
Current debt		
Senior secured bonds	7,176	6,469
Secured revolving credit facility	45,178	21,517
Supplier finance	1,244	-
Lease liabilities	1,411	13,839
Total current debt	**55,009**	**41,825**
Non-current debt		
Senior secured bonds	96,084	96,084
Secured revolving credit facility	-	94,396
Unsecured convertible notes	14,541	-
Lease liabilities	19,595	5,970
Total non-current debt	**130,220**	**196,450**
Total debt	**185,229**	**238,275**
Less: Cash and cash equivalents	(45,368)	(152,647)
Net debt	**139,861**	**85,628**

(a) Borrowing facilities

31 December 2023	Note	Interest rate	Maturity date	Facility limit	Facility utilised	Facility unutilised	Carrying value
				US$'000	US$'000	US$'000	US$'000
Senior secured bonds	(i)	12.5%	20-Jul-26	100,000	100,000	-	103,260
Secured revolving credit facility	(ii)	SOFR[1] + 5.0%	31-Dec-24	150,000	44,105	105,895	45,178
Unsecured convertible notes – Tranche 1	(iii)	6.5%	20-Jul-28	19,900	19,900	-	11,888
Unsecured convertible notes – Tranche 2	(iii)	6.5%	30-Aug-28	5,100	5,100	-	2,653
Supplier finance	(iv)	3.15%	N/A	1,244	1,244	-	1,244
Total				**276,244**	**170,349**	**105,895**	**164,223**

[1] Secured Overnight Financing Rate ("SOFR").

31 December 2022							
Senior secured bonds	(i)	12.5%	20-Jul-26	100,000	100,000	-	102,553
Secured revolving credit facility	(ii)	SOFR[1] + 5.0%	31-Dec-24	150,000	115,000	35,000	115,913
Total				**250,000**	**215,000**	**35,000**	**218,466**

[1] Secured Overnight Financing Rate ("SOFR").

Notes to the consolidated financial statements

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(i) Senior secured bonds

On 20 July 2021 (the "Issue Date"), the Group completed settlement of a US$100.000 million senior secured bond facility. The bonds were issued by the Group's wholly owned subsidiary, Jervois Mining USA Limited (the "Issuer"), and are administered by the bond trustee, Nordic Trustee AS. The coupon rate is 12.5% per annum, with interest payable bi-annually in arrears.

The Bond Terms contain an option for the Issuer to call the Bonds from year three (defined in the Bond Terms as the "First Call Date") until maturity. The Issuer may redeem all or some of the outstanding Bonds on any business day from and including:

i. The Issue Date to, but not including, the First Call Date at a price equal to the "Make Whole Amount" (see below);
ii. The First Call Date to, but not including, the interest payment date in January 2025 at a price equal to 107.81% of the nominal amount for each redeemed Bond;
iii. The interest payment date in January 2025 to, but not including, the interest payment date in July 2025 at a price equal to 104.69% of the nominal amount for each redeemed bond;
iv. The interest payment date in July 2025 to, but not including, the interest payment date in January 2026 at a price equal to 101.56% of the nominal amount for each redeemed bond; and
v. The interest payment date in January 2026 to, but not including, the maturity date at a price equal to 100% of the nominal amount of each redeemed bond.

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

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

Fees paid on the establishment of the senior secured bonds of US$2.850 million have been capitalised as transaction costs of the facility and are amortised over the period to which they relate.

(ii) Secured revolving credit facility

On 28 October 2021, the Company's wholly owned subsidiaries, Jervois Suomi Holding Oy and Jervois Finland Oy (together, the "Borrowers"), entered into a secured revolving credit facility (the "Facility") with Mercuria Energy Trading SA ("Mercuria"), a wholly owned subsidiary of Mercuria Energy Group Limited. Jervois Finland's Facility with Mercuria was for an initial maximum amount of US$75.000 million with a Facility end date of 31 December 2024. On 3 June 2022, the Borrowers increased the Facility's maximum amount up to US$150.000 million through the execution of the Accordion Increase, as contemplated in the Facility agreement effective 28 October 2021.

The Borrowers can draw to the lower of the maximum amount or 80% of the collateral value (referred to as the "Maximum Available Amount"), where collateral is defined as the value of the Borrowers' inventory and receivables, calculated monthly (reduced to 70% for eligible inventory in Finland exceeding US$75.000 million) and subject to eligibility requirements and associated terms of the agreement. Where the amounts drawn exceed 110% of the Maximum Available Amount (the "Shortfall"), the Borrowers are required to prepay or repay any amount of the Facility to ensure that, following such payment, the Shortfall no longer exists.

Annual interest payable on amounts drawn is SOFR + 5.0%. The Facility is secured against the shares in Jervois Finland and its assets and is guaranteed by Jervois. A maximum of US$50.000 million is permitted to be applied to intercompany loans made by the Company to the Borrowers, which may then be made available for use in the wider Group.

Fees paid on the establishment of the secured revolving credit facility of US$1.319 million, in addition to fees paid upon execution of the Accordion increase of US$0.846 million, have been capitalised as transaction costs of the facility and are amortised over the period to which they relate.

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(iii) Unsecured convertible notes

On 28 June 2023, Jervois (the "Issuer") entered into a Subscription Agreement for the issuance of 250 unsecured convertible notes ("Notes") for US$25.000 million. The Notes were issued in two tranches, represented by Tranche 1 of US$19.900 million and Tranche 2 of US$5.100 million, being completed on 20 July 2023 and 31 August 2023, respectively. The coupon rate is 6.5% per annum, with interest payable quarterly in arrears, with settlement in cash or payment in kind ("PIK"), at the option of the Company. Where elected, PIK interest is capitalised quarterly and added to the outstanding principal of the Notes.

The Notes are convertible into ordinary shares of the Issuer at the option of the holder, subject to maximum voting power limits. The initial conversion price for the Notes is A$0.0905, representing a 40% premium to the Theoretical Ex-Rights Price of A$0.0646, expressed in United States dollars ("USD"). The conversion price is subject to adjustments in accordance with customary adjustment rules and other reconstructions of equity. At any time after the fourth anniversary date, the Issuer may deliver a redemption notice to the investors, subject to certain criterion.

The option to convert and redeem early the Notes gives rise to an embedded derivative, which has been separately valued as the option was not considered "closely related" to the host instrument. This resulted in the recognition of a separate liability in the consolidated statement of financial position, classified as "financial liabilities at fair value through profit or loss".

The carrying amount of the Notes is classified as a non-current liability on the statement of financial position, whilst the embedded derivative is classified as a current liability. However, in the event that the Notes are converted prior to their maturity date, the extinguishment of the Company's obligation on that date will be through equity settlement.

Fees paid on the establishment of the unsecured convertible notes of US$1.458 million have been capitalised as transaction costs of the facility and are amortised over the period to which they relate.

(iv) Supplier finance

During the period, Jervois (the "Borrower") entered into agreements with Hunter Premium Funding Limited ("Hunter") to premium finance certain annual insurance policies. Under the terms of the agreements, Hunter agreed to wholly settle the Borrower's obligations with its intermediary insurer and provide the Borrower with extended payment terms represented by ten monthly instalments commencing from the respective application date. These instalments further incorporate an interest charge at a flat rate of 3.15%. As at 31 December 2023, the Group's outstanding obligations under supplier finance agreements are US$1.244 million (31 December 2022: US$nil). As at 31 December 2023, the Group has recognised an insurance prepayment, related to these supplier finance arrangements, of US$1.380 million (31 December 2022: US$nil).

(v) Borrowing costs

ICO

Borrowing costs relating to the construction and development of ICO of US$3.221 million (31 December 2022: US$13.120 million) have been capitalised in assets under construction, a component of property, plant, and equipment (note 14) during the period at an effective interest rate of 14.1%. Management have ceased capitalisation of borrowing costs effective 1 April 2023 due to the decision to suspend final construction and full concentrator commissioning at ICO.

SMP Refinery

Borrowing costs relating to the purchase of SMP Refinery of US$0.272 million (31 December 2022: US$0.426 million) have been capitalised in land and buildings, a component of property, plant, and equipment (note 14) during the period at an incremental borrowing rate of 9.50%. Management have ceased capitalisation of borrowing costs effective 1 April 2023 due to suspension of activities related to restarting SMP Refinery.

ACCOUNTING POLICY

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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21. CASH FLOW INFORMATION

(a) Reconciliation of profit after income tax to net cash flows from operating activities

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Cash flows from operating activities		
Loss after income tax	(252,486)	(55,204)
Adjustments for:		
Depreciation and amortisation	14,441	12,587
Gain on sale of fixed assets	(156)	(1,382)
Share-based payment transactions	2,509	3,436
Inventory adjustment for net realisable value	29,957	40,456
Inventory adjustment – other (non-cash)	-	(2,274)
Impairment of non-financial assets	174,525	-
Fair value adjustments on financial instruments	(18,554)	(7,458)
Other non-cash or non-operating items	10,989	2,169
Total adjustments:	213,711	47,534
Changes in working capital:		
Decrease in trade and other receivables	41,700	10,034
Decrease / (increase) in prepayments	1,434	(1,179)
Decrease / (increase) in inventories	34,634	(44,156)
Decrease in other assets	-	96
Decrease in trade and other payables	(22,736)	(18,609)
Decrease in income tax payable	(535)	(3,334)
Increase in employee benefits and provisions	556	780
Decrease in net deferred tax liability	(10,046)	(8,997)
Decrease in asset retirement obligations	728	-
Net changes in working capital	45,735	(65,365)
Total cash inflow / (outflow) from operating activities	**6,960**	**(73,035)**

(b) Summary of total interest paid

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Borrowings	19,124	18,723
Lease liabilities	522	1,656
Total interest paid	**19,646**	**20,379**
Cash flows from operating activities	10,271	6,470
Cash flows from investing activities	9,375	13,909
Total interest paid	**19,646**	**20,379**

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For the year ended 31 December 2023

(c) Movement in liabilities arising from financing activities

	1 January 2023	Cash flows	Foreign exchange	Fair value adjustments	Lease additions	Other	31 December 2023
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current							
Borrowings	27,986	-	-	-	-	24,368	52,354
Embedded derivatives	(1,627)	-	-	(839)	-	10,155	7,689
Lease liabilities	13,839	(2,119)	-	-	188	(10,497)	1,411
Non-current							
Borrowings	190,480	(45,926)	-	-	-	(33,929)	110,625
Lease liabilities	5,970	-	1,296	-	713	11,616	19,595
Total	**236,648**	**(48,045)**	**1,296**	**(839)**	**901**	**1,713**	**191,674**

	1 January 2022	Cash flows	Foreign exchange	Fair value adjustments	Lease additions	Other	31 December 2022
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current							
Borrowings	102,289	-	-	-	-	(74,303)	27,986
Embedded derivatives	(1,834)	-	-	207	-	-	(1,627)
Lease liabilities	7,811	(8,269)	460	-	2,072	11,765	13,839
Non-current							
Borrowings	57,500	57,500	-	-	-	75,480	190,480
Lease liabilities	11,446	-	198	-	6,091	(11,765)	5,970
Total	**177,212**	**49,231**	**658**	**207**	**8,163**	**1,177**	**236,648**

(i) Other non-cash movements

Borrowings and lease liabilities

Included in "other" non-cash movements is the effect of reclassifications for current and non-current portions of borrowings, including lease liabilities due to the passage of time; lease remeasurements and disposals during the period; and the effect of accrued but not yet paid interest. The Group classifies interest paid as cash flows from operating activities, with the exception of those amounts capitalised as a borrowing cost, which are instead classified as cash flows from investing activities.

Embedded derivatives – conversion options

Included in "other" non-cash movements is the recognition of conversion options, related to the Group's unsecured convertible notes, which were initially recognised at fair value of US$10.152 million (31 December 2022: not applicable).

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For the year ended 31 December 2023

22. LEASES

(i) Movement in lease liabilities

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Opening balance	**19,809**	**19,257**
Additions of lease liabilities	901	8,163
Remeasurements	2,081	-
Disposals	(2,122)	-
Accretion of interest	1,682	1,656
Lease payments	(2,641)	(9,925)
Foreign currency translation	1,296	658
Closing balance	**21,006**	**19,809**
Current	1,411	13,839
Non-current	19,595	5,970
Total lease liabilities	**21,006**	**19,809**

(ii) Amounts recognised in profit or loss

	Note	12 months to 31 December 2023	12 months to 31 December 2022
		US$'000	US$'000
Depreciation relating to right-of-use assets	14	1,437	1,346
Impairment charges relating to right-of-use assets	16	550	-
Interest expense relating to lease liabilities		1,481	1,229
Expense relating to short-term leases	5(c)	903	-
Expense relating to low-value leases	5(c)	136	-
Total amounts recognised in profit or loss		**4,507**	**2,575**

(iii) Amounts recognised as cash flows

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Payments relating to interest on lease liabilities	522	1,656
Repayment of lease liabilities – principal	2,119	8,269
Payments related to short-term leases	903	-
Payments related to low-value leases	136	-
Total amounts recognised as cash flows	**3,680**	**9,925**

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ACCOUNTING POLICY

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease under AASB 16 Leases. At commencement on, or modification of, a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group applies the practical expedient and elects, by class of underlying asset, not to separate non-lease components from lease components and instead accounts for each lease component and any associated non-lease component as a single lease component.

Lease liabilities are recognised at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for any lease payments made.

Short-term and low-value leases

The Group elects to apply the short-term and low-value lease recognition exemption to its short-term leases (i.e., those with a lease term of less than 12 months and do not contain a purchase option) and low-value (i.e., those with an underlying asset value that is considered low-value). Related lease payments are recognised as an expense on a straight-line basis over the lease term.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Leases – lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Where lease contracts include a termination option, judgement is applied in evaluating the likelihood of exercising the termination option. That is, consideration is given to all relevant factors that create an economic incentive to exercise the termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate. The Group includes the period covered by the termination option as part of the lease term only when it is reasonably certain not to be exercised.

Leases – incremental borrowing rate

The Group determines and utilises its incremental borrowing rate ("IBR") where it cannot readily determine the interest rate implicit in a lease. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain entity-specific judgements.

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23. FINANCIAL INSTRUMENTS

	31 December 2023	31 December 2022
	US$'000	US$'000
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	45,368	152,647
Funds held in escrow	690	690
Term deposits	113	79
Trade and other receivables	19,254	45,191
Total financial assets at amortised cost	**65,425**	**198,607**
Financial assets at fair value through profit or loss:		
Call option	155	1,627
Total financial assets	**65,580**	**200,234**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	19,709	56,593
Senior secured bonds	103,260	102,553
Secured revolving credit facility	45,178	115,913
Unsecured convertible notes	14,541	-
Supplier finance	1,244	-
Lease liabilities	21,006	19,809
Total financial liabilities at amortised cost	**204,938**	**294,868**
Financial liabilities at fair value through profit or loss:		
Conversion options	7,844	-
Contingent consideration	12,620	30,335
Total financial liabilities	**225,402**	**325,203**

ACCOUNTING POLICY

Financial assets (other than trade receivables)

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets (other than trade receivables)

The Group recognises a loss allowance for ECLs on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available without undue cost or effort to obtain.

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For the year ended 31 December 2023

Where there has not been a significant increase in the exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime ECLs that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired, or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime ECLs. The amount of expected credit loss recognised is measured based on the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial liabilities (other than trade payables)
Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs incurred. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

(a) Fair value measurement

ACCOUNTING POLICY
Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
Fair value – financial instruments measured at fair value through profit or loss
The valuation of the Group's financial instruments, including the Group's call option, conversion options, and contingent consideration, which are all measured at fair value through profit or loss, involves a number of estimates and assumptions. The key inputs used in deriving the fair value of these financial instruments, as well as the relationship between a change in those inputs on the calculation of fair value, is disclosed below. A change in one or more of these estimates and assumptions could result in a material change in the fair value of those financial instruments.

Fair value hierarchy
The Group uses various methods in estimating the fair value of a financial instrument. The different levels are as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices), or indirectly (i.e., derived from prices)
Level 3	Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

31 December 2023	Note	Level 1	Level 2	Level 3	Total
		US$'000	US$'000	US$'000	US$'000
Financial assets					
Call option	(i)	-	-	155	155
Total		**-**	**-**	**155**	**155**
Financial liabilities					
Conversion options	(ii)	-	-	7,844	7,844
Contingent consideration	(iii)	-	-	12,620	12,620
Total		**-**	**-**	**20,464**	**20,464**

31 December 2022	Note	Level 1	Level 2	Level 3	Total
		US$'000	US$'000	US$'000	US$'000
Financial assets					
Call option	(i)	-	-	1,627	1,627
Total		**-**	**-**	**1,627**	**1,627**
Financial liabilities					
Contingent consideration	(iii)	-	-	30,335	30,335
Total		**-**	**-**	**30,335**	**30,335**

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period. There were no transfers during the period between any of the levels.

(i) Call option

The fair value of the Group's embedded call option was determined using the Bermudan option pricing model, which was estimated through calculating the difference between the option-inclusive and exclusive valuation based on an estimated credit spread. The key inputs to the valuation include:

Input	Details	Relationship of input to fair value
Bond price	Price sourced from Bloomberg 31 December 2023: US$95.793 million 31 December 2022: US$100.73 million	The higher the bond price, the higher the fair value.
Credit spread	Solved for a credit spread those results in a modelled bond fair value in-line with the issuance price of the bond at valuation date 31 December 2022: no change to methodology	The higher the credit spread, the lower the fair value
Risk-free rate curve	USD risk-free rate curve at valuation date 31 December 2022: no change to methodology	The higher the risk-free rate curve, the lower the fair value
Volatility	Obtained from the USD SOFR swaption volatility surface at valuation date 31 December 2022: no change to methodology	The higher the volatility, the higher the fair value

The movement in fair value for each reporting period has been recorded as an unrealised fair value gain / (loss) on financial assets at fair value through profit or loss, as a component of other income, in the consolidated statement of profit or loss.

(ii) Conversion options

The fair value of the Group's conversion options on the unsecured convertible notes was determined using a customised valuation model, which included determining the value of the embedded option by estimating and subtracting the bond floor from the full value of the convertible note. The conversion options were initially measured at the respective issue dates, being 20 July 2023 and 31 August 2023. The key inputs to the valuation include:

Input	Details	Relationship of input to fair value
Credit spread	Reliance on Jervois issuances (i.e., senior secured bonds) with available market pricing, adjusted for the difference in tenor by referencing the United States Composite bond index: 31 December 2023: 1,370 bps – 1,387 bps	The higher the credit spread, the higher the fair value
Equity volatility	52-week volatility rate, calculated from historical Jervois share price movements at valuation date 31 December 2023: 107.17%	The higher the equity volatility, the higher the fair value
USD/AUD FX rate	Market observable FX spot and forward rates 31 December 2023: 1.468	The higher the USD/AUD FX rate, the lower the fair value
Interest rate	USD SOFR swaption volatility surface at valuation date 31 December 2023: 3.6%	The higher the interest rate, the lower the fair value
Risk-free rate curve	USD risk-free rate curve at valuation date, including SOFR-based interest rates	The higher the interest rate, the lower the fair value

The movement in fair value for each reporting period has been recorded as an unrealised fair value gain / (loss) on financial liabilities at fair value through profit or loss, as a component of other income, in the consolidated statement of profit or loss.

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(iii) Contingent consideration

On 1 September 2021, Jervois acquired 100% of Freeport Cobalt by purchasing all the shares of Freeport Cobalt Oy and four affiliated entities (now referred to as "Jervois Finland") from Koboltti Chemicals Holdings Limited.

The Group's contingent consideration arrangement derived from this acquisition requires Jervois to pay up to US$40.000 million, payable in cash up to US$10.000 million per year based on Jervois Finland's financial performance from 2022 through to 2026, and through a "catch-up" amount based on Jervois Finland's aggregate financial performance during that period. Contingent consideration payable increases linearly from a payment of US$nil if Jervois Finland's EBITDA equals US$20.000 million or less to a payment of US$10.000 million if Jervois Finland's EBITDA equals more than the agreed target of US$40.000 million. The "catch-up" amount is quantified as the difference between (a) the sum of all contingent amounts already payable and (b) the sum that would have been payable if Jervois Finland's aggregate EBITDA over the period (2022 to 2026) were averaged out over the period. This remains subject to the overall maximum contingent consideration payment of US$40.000 million.

The fair value of the Group's contingent consideration arrangement was determined using a DCF valuation, which is expected to produce a reasonable reflection of the fair value of the contingent consideration at each reporting period given the linear nature of the liability. The key inputs to the valuation include:

Input	Details	Relationship of input to fair value
Forecast cobalt metal price (real)	31 December 2023: US$18.83 – US$22.60 per pound 31 December 2022: US$24.90 – US$29.10 per pound	The higher the forecast cobalt metal price, the higher the fair value (up to a maximum value)
Cobalt payability percentage	31 December 2023: 60% 31 December 2022: 75%	The higher the cobalt payability percentage, the lower the fair value
Discount rate	31 December 2023: 10.04% 31 December 2022: 8.80%	The higher the discount rate, the lower the fair value (up to a maximum value)

The movement in fair value for each reporting period has been recorded as an unrealised fair value gain / (loss) on financial liabilities at fair value through profit or loss, as a component of other income, in the consolidated statement of profit or loss.

Fair value of financial instruments at amortised cost

The fair value of the senior secured bonds is US$95.793 million as at 31 December 2023 (31 December 2022: US$100.730 million). The fair value of the unsecured convertible notes are US$14.522 million as at 31 December 2023 (31 December 2022: not applicable).

Unless otherwise stated, the carrying amounts of financial instruments at amortised cost reflect their fair value.

24. FINANCIAL RISK MANAGEMENT

(a) Market risk

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices of cobalt. Jervois Finland's operating activities require the ongoing purchase and refinement of cobalt and therefore require a continuous supply of raw cobalt materials. The Group is exposed to volatility in the price of cobalt on its forecast raw cobalt materials purchases, the sale of finished cobalt products, and contingent consideration. The Group is an unhedged producer and provides its shareholders with exposure to changes in the market price of cobalt.

The Group's sensitivity to volatility in the cobalt price and the consequential impact on profit before tax as it relates to trade creditors (subject to provisional pricing) and contingent consideration (subject to future performance) is laid out below. The impact on equity is the same as the impact before income tax. The analysis is based on the assumption that market prices of cobalt fluctuate by 10% with all other variables held constant.

	Effect on profit before tax 12 months to 31 December 2023	Effect on profit before tax 12 months to 31 December 2022
	US$'000	US$'000
Increase / (decrease) in cobalt price:		
Trade creditors		
Cobalt price 10%	446	(4,353)
Cobalt price (10%)	(446)	4,353
Contingent consideration		
Cobalt price 10%	(3,170)	(963)
Cobalt price (10%)	6,371	12,020

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market interest rates relates to an entity's debt obligations, including lease liabilities, with floating interest rates. The Group's sensitivity to a reasonably possible change in interest rates on the portion of debt obligations affected and the consequential impact on profit before tax is laid out below. The analysis is based on the assumption that the interest rate fluctuates with all other variables held constant.

	Effect on profit before tax 12 months to 31 December 2023	Effect on profit before tax 12 months to 31 December 2022
	US$'000	US$'000
Increase / (decrease) in interest rate:		
Secured revolving credit facility		
SOFR 50 bps	(310)	(428)
SOFR (50 bps)	310	428
Lease liabilities		
SELIC 100 bps	(113)	N/A
SELIC (100 bps)	113	N/A

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Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group manages foreign currency risk by minimising the amounts of foreign currency required and buying foreign currency only at the time it is required and monitoring movements in exchange rates on an ongoing basis.

The Group operates internationally and is exposed to fluctuations in various currencies, primarily with respect to the Australian dollar ("AUD"), Euro ("EUR") and Brazilian Real ("BRL"). Exposure to the Canadian Dollar, Swiss Franc, Japanese Yen, Chinese Yuan, and the Ugandan Shilling are not material to the Group. The Group's maximum exposure to foreign currency risk for its financial assets and liabilities, where material, are laid out below.

	31 December 2023	31 December 2022
	US$'000	US$'000
Financial assets		
Cash and cash equivalents	4,977	11,787
Trade and other receivables	3,412	7,879
Financial liabilities		
Trade and other payables	(17,537)	(22,431)
Lease liabilities	(15,637)	(11,818)
Net exposure	**(24,785)**	**(14,583)**

The Group's sensitivity to a reasonably possible change in foreign exchange rates and the consequential impact on profit before tax is laid out below. The analysis is based on the assumption that the foreign exchange rate fluctuates with all other variables held constant. Sensitivity to all other foreign currencies is not material to the Group.

	Effect on profit before tax 12 months to 31 December 2023	Effect on profit before tax 12 months to 31 December 2022
	US$'000	US$'000
Increase / (decrease) exchange rate:		
AUD		
AUD:USD 5% (2022: 10%)	(11)	562
AUD:USD (5%) (2022: (10%))	11	(562)
EUR		
EUR:USD 5% (2022: 10%)	(489)	(493)
EUR:USD (5%) (2022: (10%))	489	493
BRL		
BRL:USD 10%	(1,619)	(1,222)
BRL:USD (10%)	1,619	1,222

(b) Credit risk

Credit risk arises if there is a risk of default on a counterparty to which the Group holds financial assets. Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk on financial assets which have been recognised in the consolidated statement of financial position are generally the carrying amount.

The Group has treasury policies in place for deposit transactions to be conducted with financial institutions with a minimum credit rating. At the reporting date:

- Cash, including term deposits, is held with Tier 1 financial institutions that meet all the Group's minimum credit rating required by the approved treasury policy; and
- Other receivables are not overdue or considered in default.

The Group does not require collateral in respect of financial assets. The Group considers a financial asset to be in default when contractual payments are 90 days past due. Generally, trade receivables are written-off if past due for more than twelve months and are not subject to enforcement activity.

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Expected credit losses

The Group's loss allowance for trade receivables was determined as follows:

31 December 2023	Current	More than 1 day past due	More than 30 day past due	More than 60 day past due	More than 90 day past due	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Expected loss rate	0.09%	0.80%	-	-	-	
Gross carrying amount:						
Trade receivables	13,913	475	-	-	-	14,388
Loss allowance	(13)	(4)	-	-	-	(17)
Total	**13,900**	**471**	**-**	**-**	**-**	**14,371**

31 December 2022	Current	More than 1 day past due	More than 30 day past due	More than 60 day past due	More than 90 day past due	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Expected loss rate	0.30%	1.57%	3.47%	6.19%	9.58%	
Gross carrying amount:						
Trade receivables	19,592	2,614	158	29	20	22,413
Loss allowance	(58)	(41)	(6)	(2)	(2)	(109)
Total	**19,534**	**2,573**	**152**	**27**	**18**	**22,304**

The movement in loss allowances during the period are as follows:

	31 December 2023	31 December 2022
	US$'000	US$'000
Opening balance	**(109)**	**(141)**
Increase in allowance recognised	-	-
Receivables written off as uncollectible	-	-
Unused amounts reversed	92	32
Closing balance	**(17)**	**(109)**

Exposure

The Group's maximum exposure to credit risk by classification and geographical region is as follows:

31 December 2023	Australia	Brazil	Finland	United States	Other	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Trade receivables	-	-	13,265	1,106	-	14,371
Other receivables	-	20	3,142	3	38	3,203
Tax receivables[1]	-	36	1,643	-	1	1,680
Total	**-**	**56**	**18,050**	**1,109**	**39**	**19,254**
31 December 2022						
Trade receivables	-	108	22,196	-	-	22,304
Other receivables	1	136	18,751	-	-	18,888
Tax receivables[1]	-	-	3,998	-	1	3,999
Total	**1**	**244**	**44,945**	**-**	**1**	**45,191**

[1] Includes sales and other tax receivables but excludes income tax.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(c) Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash reserves and access to adequate funding, including undrawn borrowing facilities, through monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities such that obligations are met when due.

Maturity analysis

The Group's financial liabilities are analysed below and are grouped based on contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. The Group's trade payables are typically due 7 to 45 days from the date of invoice.

31 December 2023	Less than one year	Between one and five years	More than five years	Total
	US$'000	US$'000	US$'000	US$'000
Trade payables	13,696	-	-	13,696
Senior secured bonds	12,500	125,000	-	137,500
Secured revolving credit facility	48,684	-	-	48,684
Unsecured convertible notes	188	35,384	-	35,572
Supplier finance	1,244	-	-	1,244
Lease liabilities	1,729	21,873	309	23,911
Contingent consideration	-	12,620	-	12,620
Total	**78,041**	**194,877**	**309**	**273,227**

31 December 2022	Less than one year	Between one and five years	More than five years	Total
Trade payables	34,920	-	-	34,920
Senior secured bonds	12,500	137,500	-	150,000
Secured revolving credit facility	29,825	99,878	-	129,703
Lease liabilities	14,823	6,455	297	21,575
Contingent consideration	-	30,335	-	30,335
Total	**92,068**	**274,168**	**297**	**366,533**

25. ISSUED CAPITAL

	31 December 2023	31 December 2022
	US$'000	US$'000
Share capital	572,595	547,426
Costs of raising equity	(18,603)	(16,846)
Total share capital	**553,992**	**530,580**

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid, on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands, every member present at a meeting in person, or by proxy, shall have one vote and upon a poll each share shall have one vote.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(b) Movements in fully paid ordinary shares on issue

	31 December 2023	31 December 2022
	No. Shares ‘000	US$’000
Balance as at 1 January 2022	**1,517,806**	**375,910**
Movements:		
Issue of ordinary shares – exercise of options	11,857	5,485
Issue of ordinary shares – placement	549,598	154,765
Less: Costs of raising equity		(5,580)
Balance as at 31 December 2022	**2,079,261**	**530,580**
Movements:		
Issue of ordinary shares – exercise of options	559	184
Issue of ordinary shares – placement	622,701	24,985
Less: Costs of raising equity		(1,757)
Balance as at 31 December 2023	**2,702,521**	**553,992**

(c) Movements in costs of raising equity

	31 December 2023	31 December 2022
	US$’000	US$’000
Opening balance	**(16,846)**	**(11,266)**
Costs of raising equity	(1,757)	(5,580)
Closing balance	**(18,603)**	**(16,846)**

(d) Movements in share-based options to Directors and employees on issue

	12 months to 31 December 2023	12 months to 31 December 2022
	No. Shares	No. Shares
Balance at the beginning of the period	**76,964,500**	**91,178,500**
Granted	-	2,500,000
Forfeited	-	(5,602,086)
Exercised	-	(11,111,914)
Expired	(12,500,000)	-
Balance at the end of the period	**64,464,500**	**76,964,500**
Vested and exercisable at period end	46,714,500	38,592,000

Share-based options granted to Directors and employees

The principal focus of the Company option plan is to provide incentivised compensation aligned with creating shareholder value. The Company option plan offers eligible 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 in the Company, subject to satisfying vesting conditions and performance criterion. 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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Unissued shares under options to Directors and employees

31 December 2023 Expiry date	Exercise price	Number of shares
	A$	
30/05/2024	0.29	100,000
01/06/2024	0.18	2,500,000
18/06/2024	0.25	992,000
15/08/2024	0.18	2,500,000
30/09/2024	0.18	5,000,000
30/09/2025	0.25	5,000,000
15/08/2027	0.14	10,000,000
31/03/2028	0.09	8,122,500
18/10/2028	0.27	7,500,000
03/01/2029	0.23	6,000,000
28/02/2029	0.23	3,250,000
28/02/2029	0.44	500,000
08/08/2029	0.55	3,250,000
31/08/2029	0.54	1,000,000
31/08/2029	0.47	6,250,000
31/03/2030	0.54	2,500,000
Total		**64,464,500**

(e) Movements in options for services provided to the Company

	12 months to 31 December 2023	12 months to 31 December 2022
	No. Shares	No. Shares
Balance at the beginning of the period	**200,000**	**550,000**
Exercised	-	(350,000)
Balance at the end of the period	**200,000**	**200,000**
Vested and exercisable at period end	200,000	200,000

Options granted for services provided to the Company

The options issued to advisors 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 in the Company, subject to satisfying vesting conditions and performance criterion. The shares, when issued, rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

Unissued shares under options for services provided to the Company

31 December 2023 Expiry date	Exercise price	Number of shares
	A$	
30/05/2024	0.29	200,000
Total		**200,000**

Notes to the consolidated financial statements

For the year ended 31 December 2023

(f) Movements in options granted as part of acquisitions

	12 months to 31 December 2023	12 months to 31 December 2022
	No. Shares	No. Shares
Balance at the beginning of the period	**3,159,750**	**4,504,500**
Expired	(3,159,750)	(1,344,750)
Balance at the end of the period	**-**	**3,159,750**
Vested and exercisable at period end	-	3,159,750

Options granted as part of acquisitions

The share options granted under acquisitions provide 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 in the Company, subject to satisfying vesting conditions and performance criterion. 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.

(g) Movements in performance rights

	12 months to 31 December 2023	12 months to 31 December 2022
	No. Rights	No. Rights
Balance at the beginning of the period	**4,443,483**	**2,351,165**
Granted	19,593,040	3,159,903
Forfeited	(140,745)	(99,098)
Exercised	(673,407)	(968,487)
Balance at the end of the period	**23,222,371**	**4,443,483**
Vested and exercisable at period end	-	-

Performance rights granted

The principal focus of the Company's performance rights plan is to align the economic interests of the Company's Directors, officers, employees, and consultants with that of the Group by providing them an opportunity, through the performance rights, to acquire an increased proprietary interest in the Company.

The performance rights are subject to the satisfaction of certain vesting conditions relating to the Company's relative total shareholder return and the individual's continued employment or involvement with the Company, subject to certain provisions. Total shareholder return measures the growth in the price of the Company's shares as a percentage, factoring in dividends notionally being reinvested in the shares. Relative shareholder return measures the Company's total shareholder return ranking against entities in a particular comparator group at the end of the relevant performance period.

Unissued shares under performance rights to Directors and employees

31 December 2023 Expiry date	Exercise price	Number of shares
	A$	
03/04/2024	N/A	315,984
17/02/2024	N/A	243,100
03/04/2025	N/A	2,465,961
01/08/2025	N/A	604,286
03/04/2026	N/A	19,593,040
Total		**23,222,371**

Notes to the consolidated financial statements

For the year ended 31 December 2023

26. OTHER RESERVES

	Share capital	Share-based payment	Foreign currency translation	Total other reserves
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2023	**1,568**	**10,090**	**1,925**	**13,583**
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	-	882	882
Transactions with owners, recorded directly in equity				
Share-based payments expense	-	2,509	-	2,509
Share-based payment transactions exercised	-	(200)	-	(200)
Balance as at 31 December 2023	1,568	12,399	2,807	16,774

	Share capital	Share-based payments	Foreign currency translation	Total other reserves
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2022	**1,568**	**12,056**	**345**	**13,969**
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	-	1,580	1,580
Transactions with owners, recorded directly in equity				
Share-based payments expense	-	3,436	-	3,436
Share-based payment transactions exercised	-	(5,402)	-	(5,402)
Balance as at 31 December 2022	**1,568**	**10,090**	**1,925**	**13,583**

(a) Nature and purpose of other reserves

Share capital reserve

The share capital reserve reflects the fair value of options deemed to have been issued to existing option holders at the time of Jervois' acquisition of eCobalt Solutions in July 2019.

Share-based payment reserve

The share-based payments reserve is used to recognise the value of options and performance rights issued but not exercised.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal, or partial disposal, of the foreign operation.

Notes to the consolidated financial statements

For the year ended 31 December 2023

27. SHARE-BASED PAYMENTS

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Expense arising from equity settled share-based payment transactions[1]	(2,509)	(3,436)
Total share-based payments expense	**(2,509)**	**(3,436)**

[1] The full movement in the share-based payment reserve represents options and performance rights issued to Directors and employees.

Unexpired options granted to Directors and employees and for services to the Company

Grant date	Expiry date	Exercise price	Balance at 1 January 2023	Granted	Exercised	Forfeited / Expired	Balance at 31 December 2023	Exercisable at 31 December 2023
		A$	No. shares	No. shares	No. shares	No. shares	No. shares	No. shares
31/05/2018	30/05/2024	0.29	300,000	Nil	Nil	Nil	300,000	300,000
19/06/2018	18/06/2024	0.25	992,000	Nil	Nil	Nil	992,000	992,000
01/10/2018	30/09/2023	0.23	5,000,000	Nil	Nil	(5,000,000)	Nil	Nil
02/11/2018	01/07/2023	0.25	7,500,000	Nil	Nil	(7,500,000)	Nil	Nil
01/06/2019	01/06/2024	0.18	2,500,000	Nil	Nil	Nil	2,500,000	2,500,000
15/08/2019	15/08/2027	0.14	10,000,000	Nil	Nil	Nil	10,000,000	10,000,000
15/08/2019	15/08/2024	0.18	2,500,000	Nil	Nil	Nil	2,500,000	2,500,000
01/10/2019	30/09/2024	0.18	5,000,000	Nil	Nil	Nil	5,000,000	5,000,000
01/04/2020	31/03/2028	0.09	8,122,500	Nil	Nil	Nil	8,122,500	8,122,500
01/10/2020	30/09/2025	0.25	5,000,000	Nil	Nil	Nil	5,000,000	5,000,000
19/10/2020	18/10/2028	0.27	7,500,000	Nil	Nil	Nil	7,500,000	7,500,000
26/11/2020	28/02/2029	0.23	3,250,000	Nil	Nil	Nil	3,250,000	Nil
26/11/2020	03/01/2029	0.23	6,000,000	Nil	Nil	Nil	6,000,000	Nil
01/03/2021	28/02/2029	0.44	500,000	Nil	Nil	Nil	500,000	Nil
12/07/2021	08/08/2029	0.55	750,000	Nil	Nil	Nil	750,000	Nil
12/07/2021	08/08/2029	0.55	2,500,000	Nil	Nil	Nil	2,500,000	Nil
01/09/2021	31/08/2029	0.54	1,000,000	Nil	Nil	Nil	1,000,000	Nil
01/09/2021	31/08/2029	0.47	6,250,000	Nil	Nil	Nil	6,250,000	Nil
07/01/2022	31/03/2030	0.54	2,500,000	Nil	Nil	Nil	2,500,000	Nil
Total			**77,164,500**	**Nil**	**Nil**	**(12,500,000)**	**64,664,500**	**41,914,500**

There were no options exercised during the period ending 31 December 2023 (weighted average share price of options exercised 31 December 2022: A$0.43). The weighted average remaining contractual life of options outstanding at 31 December 2023 was 3.83 years (31 December 2022: 4.13 years).

Share options

The fair value of the options is estimated at the date of grant using the Black-Scholes model, considering the terms and conditions upon which the options were granted.

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Performance rights

The fair value of the performance rights is estimated at the date of grant using both the Monte Carlo and Black-Scholes simulation option pricing model, considering the terms and conditions upon which the performance rights were granted. For the performance rights granted during the period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
		A$	A$				A$'000
01/04/2023	03/04/2026	0.06	N/A	65.0%	Nil	2.94%	980[1]

[1] Equivalent to US$0.655 million at grant date.

ACCOUNTING POLICY

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 unless specifically identified in the grant. The vesting conditions comprise a service condition only.

The grant date fair value 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.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and assumptions made.

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OTHER

28. AUDITORS' REMUNERATION

The auditor of Jervois Global Limited is Ernst & Young (Australia).

	31 December 2023	31 December 2022
	US$	US$
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	479,662	410,716
Fees for other services:		
Tax compliance	6,805	16,061
Other services	-	17,944
Total fees to Ernst & Young (Australia)	**486,467**	**444,721**
Fees to overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	284,577	270,876
Fees for other services:		
Tax compliance	32,820	155,707
Other services	18,418	42,362
Total fees to overseas member firms of Ernst & Young (Australia)	**335,815**	**468,945**
Total fees to Ernst & Young	**822,282**	**913,666**

29. COMMITMENTS

31 December 2023	Note	Less than one year	Between one and five years	More than five years	Total
		US$'000	US$'000	US$'000	US$'000
Exploration and evaluation	(i)	-	-	-	-
Property, plant, and equipment	(ii)	3,571	435	-	4,006
Total		**3,571**	**435**	**-**	**4,006**
31 December 2022					
Exploration and evaluation	(i)	834	-	-	834
Property, plant, and equipment	(ii)	29,899	1,371	-	31,270
Intangible assets		16	-	-	16
Total		**30,749**	**1,371**	**-**	**32,120**

(i) Exploration and evaluation
Exploration and evaluation commitments include the Group's annual license expenditure requirements, which will continue each year for the term of each licence. The annual commitments associated with any particular licence will continue until such time a decision is made to farm-out, relinquish or sell all or part of a licence. The above commitments do not include any tenement expenditure subsequent to the reporting date. If necessary, the Group's exploration and evaluation expenditure may be subject to renegotiation with the respective jurisdiction mines departments.

(ii) Property, plant, and equipment
Property, plant, and equipment commitments in the comparative period largely represents capital expenditure related to the construction and development of the ICO mine.

Notes to the consolidated financial statements

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30. CONTINGENCIES

	Note	31 December 2023	31 December 2022
		US$'000	US$'000
Customs guarantees	(i)	1,116	1,273
Bank guarantees		69	73
Total contingencies		**1,185**	**1,346**

(i) Customs guarantees

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

31. RELATED PARTIES

Loans or transactions with key management personnel

No loans or transactions have occurred with key management personnel or their related entities.

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors.

Non-Executive Director fees are paid within an aggregate limit which must exceed A$750,000 (approximately US$510,413) (excluding mandatory superannuation) per annum or such other maximum amount as determined by the Company in a general meeting.

Executive remuneration is determined by aiming to ensure that it is competitive and reasonable, aligned with the Group's business objectives, and acceptable to shareholders. The executive remuneration and reward framework has three components: base pay and benefits (including superannuation), short-term investments (which are entirely discretionary), and long-term incentives (which are entirely discretionary).

Other than performance rights, none of the remuneration paid by the Group to its key management personnel during the reporting period was dependent on the satisfaction of a performance condition except for service conditions.

The amounts recognised as an expense during the reporting period related to key management personnel is laid out below.

	12 months to 31 December 2023	12 months to 31 December 2022
	US$	US$
Short-term benefits	2,250,654	2,055,283
Post-employment benefits	385,272	200,877
Share-based payments	1,273,574	1,769,055
Total compensation paid to key management personnel	**3,909,500**	**4,025,215**

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For the year ended 31 December 2023

32. ACQUISITION OF SMP REFINERY (PRIOR PERIOD)

In September 2020, Jervois announced it had agreed to acquire 100% of SMP Refinery located in São Paulo, Brazil, from Companhia Brasileira de Alumínio (an investee company of Votorantim) for R$125.000 million, payable in tranches. Jervois initially leased SMP Refinery, providing the Company access to undertake a Feasibility Study for the restart, through to 15 July 2022 when the acquisition was closed. Under the terms of the purchase agreement, the Company duly transferred the initial deposit of R$15.000 million on 14 December 2020 and the closing payment of R$47.500 million on 15 July 2022 ("Closing Date"). Management forecasts the final tranches to be paid in June 2025, being R$62.500 million.

Management concluded that this transaction reflects the acquisition of a group of assets that does not constitute a business. At the Closing Date, for any identifiable assets or liabilities initially measured at an amount other than cost, the Company measured those assets or liabilities at the amount specified in the applicable standard and then allocated the total transaction price to the remaining individual identifiable assets and liabilities assumed on the basis of their relative fair values at the date of acquisition. This resulted in the derecognition of the right-of-use asset's carrying amount and recognition of the below assets and liabilities in the consolidated statement of financial position. The Company has continued to recognise the outstanding payment due to CBA in the consolidated statement of financial position as a lease liability.

	Note	Amount recognised at the date of acquisition 15 July 2022
		US$'000
Cash and cash equivalents		138
Trade and other receivables		4
Property, plant, and equipment	14	32,642
Intangible assets	15	8
Trade and other payables		(60)
Employee benefits		(87)
Asset retirement obligations		(11,428)
Total amounts recognised		**21,217**

Notes to the consolidated financial statements

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33. PARENT ENTITY INFORMATION

Information related to Jervois Global Limited, the parent entity of the Group, is laid out below.

	12 months to 31 December 2023	12 months to 31 December 2022
	US$'000	US$'000
Loss for the year	(173,694)	(6,271)
Comprehensive loss for the year	(8,612)	(5,170)
Total comprehensive loss for the period	**(182,306)**	**(11,441)**

	31 December 2023	31 December 2022
	US$'000	US$'000
Current assets	20,585	338,132
Total assets	355,932	484,883
Current liabilities	10,146	2,183
Total liabilities	24,765	2,300
Net assets	**331,167**	**482,583**
Share capital	524,654	482,639
Other reserves	(20,978)	(1,241)
Retained earnings	(172,509)	1,185
Total equity	**331,167**	**482,583**

Guarantees

The parent entity has provided guarantees in relation to borrowings of its subsidiaries, including the senior secured bonds and secured revolving credit facility, in addition to certain leases in which the subsidiary is a lessee. No liability is expected to arise from these guarantees.

Commitments

The parent entity had no commitments as at 31 December 2023 (31 December 2022: nil).

Contingencies

The parent entity had no contingencies as at 31 December 2023 (31 December 2022: nil).

Material accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed throughout the financial statements, except for the investments in subsidiaries, which are accounted for at cost, less any accumulated impairment, in the parent entity.

Notes to the consolidated financial statements

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34. INTEREST IN SUBSIDIARIES

	Country of incorporation	31 December 2023	31 December 2022
Parent entity			
Jervois Global Limited	Australia	100%	100%
Subsidiaries			
Hardrock Exploration Pty Ltd	Australia	100%	100%
Goldpride Pty Ltd	Australia	100%	100%
Jervois Holdings S.A.[1]	Switzerland	100%	100%
Jervois Switzerland S.A.	Switzerland	100%	100%
Jervois Brasil Participacoes Ltda	Brazil	100%	100%
And the wholly owned subsidiary of Jervois Brasil Participacoes Ltda being:			
Jervois Brasil Metalurgia Ltda	Brazil	100%	100%
TZ Nico (1) Pty Ltd	Australia	100%	100%
TZ Nico (2) Pty Ltd	Australia	100%	100%
And the wholly owned subsidiary of TZ Nico (1) Pty Ltd and TZ Nico (2) Pty Ltd being:			
Tanzania Nickel Cobalt Ltd	Tanzania	100%	100%
Jervois Mining Canada Limited	Canada	100%	100%
And the wholly owned subsidiaries of Jervois Mining Canada Limited being:			
Coronation Mines Ltd	Canada	100%	100%
Millennial Holding Corp	Canada	100%	100%
Minera Terranova S.A. de C.V	Mexico	100%	100%
1126302 B.C. Limited	Canada	100%	100%
And the wholly owned subsidiary of 1126302 B.C. Limited being:			
Eurasian Capital Limited	Uganda	100%	100%
Formation Holdings US, Inc.	United States	100%	100%
And the wholly owned subsidiary of Formation Holdings US, Inc. being:			
Jervois Mining USA Limited	United States	100%	100%
Jervois Suomi Holding Oy	Finland	100%	100%
And the wholly owned subsidiaries of Jervois Suomi Holding Oy being:			
Jervois Finland Oy	Finland	100%	100%
Jervois Americas LLC	United States	100%	100%
Jervois Europe GmbH	Germany	100%	100%
Jervois Japan Inc	Japan	100%	100%
Jervois Trading (Shanghai) Ltd	China	100%	100%

[1] Incorporated 8 November 2023.

35. EVENTS AFTER THE REPORTING PERIOD

The Directors of the Company have not identified any subsequent events in the interval between the end of the financial period and the date of this report, which would be material or unusual in nature, and likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Directors' Declaration

In the opinion of the Directors of Jervois Global Limited ("the Company"):

1. The consolidated financial statements and notes that are set out on pages 59 to 115 and the remuneration report, identified within the Directors' report, are in accordance with the Corporations Act 2001, including:

    a. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and

        i. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001; and

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial period ended 31 December 2023.

3. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Melbourne this 18th day of March 2024.

Signed in accordance with a resolution of the Directors:

Peter Johnston
Chairman

Independent Auditor's Report

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Jervois Global Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(d) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Assessment of the carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
At 31 December 2023 the Group's consolidated statement of financial position includes property, plant and equipment (PPE) of $189.972 million, goodwill of $37.909 million and other intangible assets of $58.345 million. The Group is required to assess for indicators of impairment at each reporting period. Where an indicator of impairment exists for a cash generating unit (CGU), an impairment test is performed for that CGU. For CGUs containing goodwill, an impairment test is performed at least annually. As at 31 December 2023: a. An assessment of the indicators of impairment was undertaken by the Group determined impairment indicators were noted in all CGUs being the Idaho Cobalt Operations (ICO) CGU, the Jervois Finland CGU and the Jervois Brasil CGU, as set out in Note 16 of the financial report. b. The Jervois Finland CGU has been tested for impairment due to the associated goodwill balance. The recoverable amount of the ICO, Jervois Finland and Jervois BrasilCGUs are determined by the Group based on forecast cobalt, gold, copper and nickel prices, discount rates, historical performance and future operating plans (including capital expenditure requirements). An impairment charge of $173.875 million was recorded for the ICO CGU following this assessment. The carrying value of PPE and intangible assets, (including goodwill) was a key audit matter due to the significance of these balances, the complex judgements in the impairment assessment process such as consideration of forecast cobalt, gold, copper and nickel prices and the consideration of discount rates which are all affected by future market or economic conditions. The Group's impairment disclosures are included in Note 16 of the financial report, which details the key assumptions used and the sensitivity of the recoverable amount of the CGUs to changes in these key assumptions which could give rise to an impairment loss or additional impairment loss of the PPE and intangible assets (including goodwill) balances in the future.	We evaluated the Group's assessment of indicators of impairment and the Group's calculations of the recoverable amount of each CGU. In respect of the Group's cashflow forecasts used to measure recoverable amount for its CGUs, with the involvement of our valuation specialists, we: ▶ Assessed the reasonableness of the Board approved cash flow projections, the recoverable amount ascribed to unmined resources and key macroeconomic assumptions used in the impairment models ▶ Assessed the reasonableness of the forecast cashflows against the past performance of the Jervois Finland CGU ▶ Assessed the adequacy of the forecast capital costs to complete the ICO CGU and Jervois Brasil CGU and bring them into operation ▶ Assessed key input assumptions such as cobalt, gold, copper and nickel prices and, future operating plans including capital expenditure requirements ▶ Assessed discount rates through comparing the cost of capital for the Group's CGUs with comparable businesses ▶ Considered the EBITDA and/or Reserve and Resource multiples against comparable companies and transactions as a cross check to the Group's recoverable amount ▶ Tested the mathematical accuracy of the impairment models ▶ Assessed whether the impairment charge recorded in the financial statements agreed to the underlying impairment models. The Group used internal and external experts to provide geological, metallurgical, mine planning and technological information to support key assumptions in the impairment model for the ICO CGU. We examined the information provided by the Group's experts, including assessment of the competence, capability and the objectivity of the internal and external experts, the appropriateness of methodologies applied and the suitability of the information produced for use in the Group's impairment models.

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Why significant	How our audit addressed the key audit matter
	We performed independent sensitivity analysis on the recoverable amount impact of changes in key input assumptions used in the cash flow forecasts and assessed the extent of change (individually or collectively) that would be required for the CGUs to record an impairment loss or further impairment charge. We also considered the likelihood of such a movement in those key assumptions occurring. We assessed the adequacy of the related financial report disclosures in Note 16 of the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Jervois Global Limited for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
Melbourne
18 March 2024

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