

ASX:JDR

Interim Financial Report

For the Half Year ended 31 December 2020



Jadar Resources



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Corporate Directory

Directors

Mr Luke Martino – Non-Executive Chairman

Mr Adrian Paul – Executive Director

Mr Navinderjeet Singh – Executive Director

Mr Steven Dellidis – Non-Executive Director

Mr Jim Malone – Non-Executive Director

Company Secretary

Ms Louisa Martino

Registered office

311-313 Hay Street

SUBIACO, WESTERN AUSTRALIA 6008

Website: www.jadar.com.au

Auditor

Grant Thornton Audit Pty Ltd

Level 43, Central Park

152-158 St Georges Terrace

PERTH, WESTERN AUSTRALIA 6000

Bankers

National Australia Bank

1238 Hay Street

WEST PERTH, WESTERN AUSTRALIA 6005

Share Registry

Advance Share Registry

110 Stirling Highway

NEDLANDS, WESTERN AUSTRALIA 6909

Securities Exchange Listing

ASX Limited

20 Bridge Street

SYDNEY, NEW SOUTH WALES 2000

ASX Code – JDR

Frankfurt Exchange; R1E.F

Berlin Exchange; R1E.B

Stuttgart Exchange; R1E.SG

Directors' Report

The Directors' present their report together with the financial report of Jadar Resources Limited (ASX: JDR) and its controlled entities ("the Company", "JDR" or "consolidated entity") for the half year ended 31 December 2020.

Directors

The names and the particulars of the Directors who held office during and up to the date of this report are disclosed below.

| | |
|------------|---|
| L Martino | (Non-Executive Chairman) |
| A Paul | (Executive Director) |
| N Singh | (Executive Director; appt 20 July 2020) |
| S Dellidis | (Non-Executive Director) |
| J Malone | (Non-Executive Director) |

Significant changes in the state of affairs

In the Opinion of the Directors, there were no significant changes in the state of affairs of the Group which have not been disclosed elsewhere in this report.

Review of Operations

Latin America Precious Metals Portfolio

Peru

Yanamina Project

Gold & Silver (100%)

The Yanamina Project, located in the Ancash Province in Central Peru, is an outcropping low sulphidation epithermal gold and silver resource with favourable geology, ore body geometry and metallurgical characteristics. The project is located in north-central Peru in the Department of Ancash, province of Huaylas, District of Caraz, and lies approximately 16km east of the town of Caraz.

The Yanamina Project contains an estimated total resources at the lower cut-off grade of 0.5g/t gold ("Au") of 6,742,260 tonnes @ 1.23g/t gold and 4.31 g/t silver for 265,987 ounces of contained gold, and 934,528 ounces of contained silver ("Ag")¹, confirming Yanamina as a significant bulk mining development opportunity with strong economic

potential. Total Indicated and Inferred Mineral Resource has been estimated in accordance with the guidelines set out by the JORC Code (2012).

During the reporting period, the Company's Peruvian in-country team and consultants carried out site visits and re-connected with the local authorities and community to discuss the Company's future exploration and development plans for the Project and to initiate the process to obtain all required approvals to carry out further exploratory drilling in the area. The Company's proposed drilling program is being developed and is planned to test for a number of exploration targets, including lateral and vertical extensions to the existing resource envelope and a down faulted hanging wall extension. Additionally, the Company is in discussions with two community liaison candidates in anticipation of easing COVID travel restrictions.

Mexico

Tierra Blanca Project

Gold & Silver (Under Option)

During the reporting period, the Company entered into an option agreement with Pacific Advisory Pte Ltd to acquire the Tierra Blanca Silver-Gold Project which is a drill-ready polymetallic project located close to infrastructure in the prolific mining district around the City of Chihuahua in Chihuahua State, Mexico. The district surrounding Chihuahua is a significant silver producing region with several substantial mines operated by majors and mid-tier companies, District Historical Production of 50Mt at 310 g/t Ag, 8.2% Pb and 7.1% Zn².

Tierra Blanca was first identified back in 2018 during mapping and sampling programs of permissive outcropping formations and an exploration drive during which considerable zinc grades, accompanied by lower levels of lead and silver were identified. During the sampling campaigns, significant effort was put into the channel sampling program. The aim of this program was to define values directly from outcropping mineralised intervals and to understand the grades ratios. The samples returned with up to 28% zinc, with lead content usually at a 1:10 ratio to the zinc content. The silver grades increase at a depth which is one of the main characteristics for the type of deposit under consideration.

¹ ASX Announcement 10 Feb 2020 - Maiden JORC 2012 Resource at Yanamina

² ASX Announcement 17 Nov 2020 - Portfolio Grows with Acquisition of Tierra Blanca Project

The mapping and surface geochemistry identified an outcropping 20 metres width mineralised interval. The same mineralised structure was open by exploration drive, 30m below outcropping horizon. A vertical exploration shaft was developed with the aim to define structure` continuity and attitude. It has been documented that the mineralised interval dipping at a 65° with a mineralised width ranging from 3-10m. The channel samples from underground exploration development returned with values Zn+Pb ranging from 12% to 28%.

At the date of this report, the Company is still reviewing this project and has not exercised its option to acquire this project.

About Tierra Blanca - Carbonate Replacement Deposits

Tierra Blanca is located in a metallogenic province that has yielded several substantial orebodies predominantly containing silver, zinc and lead. Several significant mines operate in the region, with prolific artisanal workings pointing to multiple exploration opportunities. Tierra Blanca is interpreted to be what is termed a Carbonate Replacement Deposit (CRD) which are common in the region. 40% of the 10 billion ounces of silver produced in Mexico have been produced from CRDs. The key features of Mexican CRDs are that:

- Deposits occur along a ~2,000 km long belt of carbonate rocks from SE Arizona to south-central Mexico, where fold and thrust architecture controls high temperature Zn-Pb-Ag+/-Cu+/- Au mineralisation
- Deposits occur as chimneys (deeply plunging ore from surface), and then at depth, flatter lying mantos (lenses) in Carbonate rocks. Skarn orebodies are frequently associated with this style of deposit.
- Typically, CRD orebodies are Polymetallic, with metal contents ranging from 1- 18% Zn, 1-12% Pb, 60- 600g/t Ag, up to 2% Cu and 6g/t Au.

Acquisition Terms

Jadar has secured the option to acquire equity in a local Mexican company, the holder of the Tierra Blanca Project, with an upfront payment of USD\$30,000 cash and issuing 3,000,000 Ordinary Fully Paid Shares to the Pacific Advisory Pte Ltd.

Pacific Advisory Pte Ltd, is an advisory company with experience in mineral projects and advises companies around the world on deal structuring. The option terms are spread over 3 years at a cost of US\$24,000 per annum in equal monthly instalments in addition to meeting the license costs of the Vendor. A payment equivalent to US\$25,000 will become payable at the decision to mine along with a royalty of US\$2.00 per tonne of ore fed to the mill.

La Fortuna Project

Gold & Copper (Under Option)

In December 2020, the Company entered into an option agreement to acquire Minera GS de S.A de C.V, the Company owning the la Fortuna Project, a 100% interest in the 2,707.2 hectares in Guerrero, Mexico.³ The la Fortuna Project, held under Titulo 243345, has demonstrable potential to host a substantial gold-copper project, and a substantial body of work to date has determined at least 5 near term drilling targets. During the Option Period, the Company will complete modelling of the extensive data on the project, to define the siting and to permit of drill holes.

The La Fortuna project lies within the prolific Guerrero gold belt with several operating mines with multi-million ounce resources. The majority of these mines were developed as open-cut operations with heap leach processing facilities.

Mineralisation in the Guerrero Gold Belt is associated to gold-bearing iron skarn porphyries and along fault zones and as replacement deposits formed within the contact between igneous intrusions and the carboniferous country rocks.

Copper and gold mineralisation is associated with magnetite and forming either stockworks and dissemination and pods or magnetite-replaced rafts (xenoliths) of limestone (iron skarn).

La Fortuna Gold-Copper Project includes the Espinoza and Fortuna silver-lead-zinc historic small-scale mining operations as an exploration project pipeline. The results from grab sampling taken from old dumps near the Fortuna mine returned with average 220g/t silver, 5.2% Zn, 4.5% Pb.

At the date of this report, the Company is still reviewing this project and has not exercised its option to acquire this project.

³ ASX Announcement 10 Dec 2020 - Acquisition of La Fortuna Project

Coaxtlahuacan Au-Cu Prospect

The Coaxtlahuacan prospect lies within a northwest portion of tenements. The outcropping copper mineralisation at Coaxtlahuacan consists of chalcocite and malachite and is associated with stockworks, massive lenses and disseminations of magnetite, or sericite altered quartz felspar porphyry. The surface geology and spatial distribution of gold and copper mineralisation at Coaxtlahuacan conforms with the well-documented geology and geochemistry, and the well understood controls on mineralisation, of numerous significant polymetallic skarn deposits within the Guerrero Belt.

The outcropping copper and gold mineralisation have been identified over an area of 100m x 500m. The copper geochemical anomaly (>500ppm Cu) have been identified over an area 300m x 500m in extent and was observed only in gullies due to pre-erosion, near-surface weathering and leaching of the copper. Several assayed surface rock chip returned with values over 5000ppm (0.5% Cu).

The elevated gold in soils samples (>50ppb Au) has defined anomalies covering an area of 1.3km x 1.6km. The samples with values over 100 ppb Au covering an area of 1500m x 200m with highest values up to 2161ppb Au. The surface geochemical anomaly remains open to the northwest, and to the south indicating a substantial orebody of disseminated and stockwork gold mineralisation, with most likely leached out copper mineralisation near-surface and which may still be encountered in the lower part of the mineralised system. This geochemical assemblage is typical of magnetite-copper, gold mineralisation iron-skarn systems.

Work to date includes extensive mapping, rock chip sampling Fire-assay and ICP multi-element geochemical data for 118 stream sediment samples, 10,649 soil samples and 520 surface rock chip samples taken from lines 100-200m by 25m apart over most of the entire licence area. Besides surface sampling, 26 line kilometres of ground magnetic and IP surveys of the Coaxtlahuacan prospect have shown coincident magnetic highs associated with copper and gold anomalies at the surface.

The Company is only treating the results as an indication that gold and copper are present in the system and will be used only to guide future exploration and defining drill targets.

Acquisition Terms

Jadar has secured a 90 day exclusive option to acquire 100% of the shares in Minera GS de S.A de C.V, the Company owning the la Fortuna Project, in return for a cash payment of US\$50,000 and the issuance of 6,000,000 Jadar shares.

Upon exercise of the option, Jadar will acquire 100% of the shares of the Company for the following consideration:

1. US\$ 100,000 in cash and 15,000,000 shares in Jadar to acquire 50% of Minera GS on the expiry date of the option.
2. US\$ 100,000 in cash and 15,000,000 shares in Jadar to purchase a further 30% of Minera GS within 12 months of the date exercise of the option.
3. US\$ 100,000 in cash and 15,000,000 shares in Jadar for the remaining 20% of the shares in Minera GS within 12 months of purchasing the 80% shareholding.

European Green Metals Portfolio

Serbia

Rekovac Project

Lithium & Borate (100%)

The Rekovac Project is located in central Serbia and lies approximately 110km south southeast of Belgrade, Serbia's capital. The Rekovac Project covers Neogene age basins containing lithified lacustrine beds mapped as early and middle Miocene. The Initial drilling program confirmed exceptional section of lake beds contains high concentrations of boron and elevated lithium.

Following completion of its maiden drilling program, the Company undertook data reviews and target re-interpretations across all projects with the view of commencing with field campaigns in 2021. However as announced on 24 February 2021, the Company has made the decision to spin out its Serbian lithium and borate assets (comprising of its Rekovac Lithium and Borate Project and pending applications for new exploration permits in Serbia) into a newly incorporated subsidiary, Balkan Mining and Minerals Limited ("Balkan") (proposed ASX code BMM) subject to shareholder approval in accordance with ASX Listing Rule 11.4.1(b). It is intended that Balkan will undertake a \$6.5 million IPO and seek a listing on the official list of the Australian Securities Exchange ("ASX"). Under the proposed transaction, Jadar will retain an interest of approximately 22% in Balkan post IPO, allowing Jadar and its shareholders to maintain exposure to the Serbian lithium

and borate assets via the Company's equity interest in Balkan.

Additionally, the Company received a three year extension of its Rekovac exploration license and has made further submissions for additional exploration license in Serbia which the company anticipates will be granted during the first quarter of 2021.

Austria

Weinebene & Eastern Alps Projects

Lithium (80%)

The Austrian Lithium Exploration Licences are located in the Eastern Alps. The lithium mineralisation comprised of spodumene-bearing pegmatites bodies hosted by Paleozoic metamorphic units predominantly mica schist, amphibolite and marbles.

During the reporting period, the Company received drilling approval from Austrian Mining authorities to carry out two stratigraphic test drill holes on its Winebene lithium project.

The Company commenced its maiden stratigraphic diamond drill hole program in November 2020⁴. Regrettably, due to the travel restrictions as a result of COVID 19, the program had to be shortened to a single drill hole which was drilled to a depth of 146m.

Following completion of this drilling program, the Company received a five year extension for 97 of its remaining 133 Austrian exploration permits and relinquished two single Austrian licenses, Birkfeld and Klementkogel.

Australian Green Metals Portfolio

Australia

Khartoum Queensland Project

Tin, Silver & Tungsten (subject to Due Diligence)

In February 2021, the Company entered into a sale and purchase agreement with Jervois Mining Limited (ASX: JRV) to acquire the Khartoum Tin, Silver and Tungsten tenement portfolio.

Located approximately 100km south west of Cairns Queensland, the Khartoum tenement package consists of 5 exploration permits EPM14797, EPM19112, EPM19113, EPM19114 and EPM19203 covering a total area of 396km².

The Khartoum project has been identified as particularly prospective for tin, silver and tungsten mineralisation hosted by a Late Carboniferous-Early Permian felsic intrusive.

The area contains over fifty tin, tungsten, bismuth and gold occurrences. Results from rock chip sampling indicate that high grade tin is mostly associated with cassiterite bearing quartz veins in greisen and disseminated cassiterite in greisen.

Regional mapping identified a 9km by 3km zone of alteration around shear zones in the granite that consists of intensely silica altered greisen zones, sometimes containing quartz veins. Maximum rock chip and historic mine mullock sample assays include 15.25% W, 3.78% Sn, 0.13% Bi and 438 ppm Ag. Soil sampling identified fifteen highly anomalous areas mainly for tin.

In 2006 a rock chip sampling program was undertaken by previous holders of the tenements. The program consisted of collection of 360 rock chip and mullock samples across EPM14797. Of the 360 samples collected peak assays include 874g/t Ag, 15.25% W, 5.47% Sn and 3.39 g/t Au. In addition to the peak assays there were multiple other higher grade mineralized samples including⁵

- 15 samples greater than 50g/t Ag
- 20 samples greater than 0.1% W
- 58 samples greater than 0.1% Sn
- 3 samples greater than 1g/t Au

These samples were selected to show the exploration potential of the tenements. The remainder of the samples collected show mineralization but to a lesser extent. All results can be found in the Company's announcement of 9 February 2021. 20,537 soil samples have been assayed to allow mapping and development of 2D and 3D regional prospectivity models to refine future exploration programs.

Acquisition Terms

Jadar can acquire 100% of the Khartoum exploration tenement package, in return for a cash payment of \$300,000. Jadar is provided with a 30 day period to complete due diligence on the project.

⁴ EUR ASX Announcement 3 Jul 2017 - Resource Increase at Wolfsberg

⁵ ASX announcement 9 February 2021 - Acquisition of Khartoum Tin-Silver-Tungsten Project

Granite Belt Project

Silver (-%)

In September 2020, the Company entered into a sale and purchase agreement with the liquidators of Moreton Resources Limited (the "Granite Belt Agreement") to acquire the assets and licenses of the Queensland Granite Belt Project known as the Texas Silver Mine in consideration for a cash payment of \$500,000 (the "Transaction"). During completion of this transaction, Jadar formed the view that Moreton Resources Limited (In Liquidation) (ASX: MRV) and MRV Metals Pty Ltd (In Liquidation) (Receivers Appointed) ("MRV Metals"), with which the Company entered into the Granite Belt Agreement were unable to deliver unencumbered title to the Granite Belt assets and unable to complete the Transaction.

The Company originally entered into the Transaction with the Liquidators of MRV Metals. Prior to completion (and after the Sale and Purchase agreement was entered into), persons purporting to be secured creditors of MRV Metals purported to appoint Receivers to the Granite Belt assets. The Receivers refused to recognise or complete the Transaction and the Liquidators were required to make a Court application to determine the validity of the purported appointment and obtain an order compelling the purported secured creditors to release their security.

The purported appointment of the Receivers was validated by the Supreme Court of Queensland on 13 November 2020, and the Court declined to make an order compelling the purported secured creditors to release of security. The Receivers indicated they did not intend to cause MRV Metals to proceed with the Transaction. The Company consequently formed the view that the Receivers repudiated the Granite Belt Agreement, and, on 13 November 2020, accepted that repudiation and elected to terminate the agreement.

The Company has expressly reserved all of its rights relating to or arising from the Transaction, including (but not limited to) rights against the Receivers and the purported secured creditors.

Financial Results

The Group made a loss for the six months ended 31 December 2020 of \$1,277,752 (2019 half year loss of \$552,239). As at 31 December 2020, the Group had cash and cash equivalents of \$1,465,312 (30 June 2020: \$965,172) and net assets of \$4,010,272 (30 June 2020: \$2,926,387).

During the time of COVID-19 pandemic, the Group had implemented cost savings and asset preservation initiatives and cancelled all business travels including the initial reconnaissance to the Company's Yanamina Project in Peru, however the Group has continued to review the project data and economic data under work-from-home protocols. The Group is advancing with its projects where travel restrictions are relieved.

Corporate Activity

Strengthening of management

During the reporting period the Company strengthened its management team with the appointment of a number of key representatives. This included the appointment of Mr Navin Singh as executive Director (commencing 20 July 2020) and Mr Alastair Bauer as general manager of Queensland (commencing 26 October 2020) & Mr Hugh Callaghan to lead the management of the Company's Latin American (Commencing 17 November 2020) business.

Mr Bauer is a highly experienced senior manager, with a successful career spanning over 8 years. He has extensive experience in managing Queensland mining operations and has completed several major expansion projects and mine restarts from initial project development and planning through to execution. He also has an impressive record in troubleshooting and delivering improved performance out of existing operations.

Mr Callaghan has extensive experience in Latin America in project generation and management, which includes working at Escondida copper mine in Chile, building a 3kt per day underground copper mine in Chile as Chairman of Tamaya Resources Limited, and has subsequently been integral in project generation and development in Columbia and Mexico for private equity interests which have resulted in substantial projects under development. Prior to this, Hugh served in commercial and business development roles with Gold Fields of South Africa, Rio Tinto plc in their

corporate headquarters, and Xstrata. Hugh was founder of ASX listed Riversdale Mining Limited (which was subsequently acquired by Rio Tinto for \$3.9b) and has extensive experience of project generation and management in Latin America and Africa.

Financing

During the reporting period the Company carried out a number of financing initiatives which included capital raisings of \$2,152,000 through the issue of new shares and the conversion of options, which included:

- (a) a strategic placement of \$500,000 to Valens International Pty Ltd, a Hong Kong based private investment fund specializing in investing in global mining projects at a price of \$0.012 per share;
- (b) a placement of \$1,000,000 to sophisticated and institutional investors at a price of \$0.03 per share; and
- (c) the conversion of \$652,000 options which had a conversion price of \$0.02 per option;

as well as securing a \$10 million dollar financing facility with Mint Capital Advisors Ltd ("Mint"). The Company's entry into the Mint Facility is part of the Company's broader growth strategy. The equity funding provided by Mint, which the Company can access on a discretionary basis as and when it is required, will be used to continue exploration activities over the Company's existing projects, specifically further exploratory drilling at the Company's Peru and Mexico projects.

The discretionary nature of the Facility will allow the Company to access funds only when they are needed. Whilst Jadar may not require the full \$10m over the next two years, having the Facility provides flexibility for the Company to capitalize on its opportunities and progress assets, as required.

Under this facility, Jadar may drawdown up to \$300,000 per month (larger amounts are permissible with agreement) by the issuing of shares to Mint (being that number of shares equal to 5 times the average daily traded volume of shares on ASX for the 15 trading days following the date of issue of Jadar's drawdown notification), at a price per share equal to 90% of the average of the 15 trading day daily VWAP of Jadar's shares as published by Bloomberg for the 15 trading days following the date of a drawdown notification being issue by Jadar.

Jadar will only be able to drawdown funds if the issue price that is calculated on notification of the drawdown is above a floor price of \$0.04 per share.

Significant Events After the Balance Date

Subsequent to period end the following key events have occurred:

- (a) In February 2021, the Company entered into a sale and purchase agreement with Jervois Mining Limited (ASX:JVR) for the purchase of the Khartoum Tin, Silver and Tungsten Project located approximately 100km south west of Cairns, Queensland, Australia in consideration for AU\$300,000 cash payment⁶.

Subject to Jadar board approval and ASX approval and upon execution of the SPA Jadar will have 30 days to complete due diligence on the project, which is currently ongoing.

The Khartoum Tin, Silver and Tungsten Project in summary comprises:

- Tenement package consists of 5 exploration leases covering approximately 396.39km² in the tightly held prospective Herberton mineral field.
- Potential for world class deposit with 50km² of outcropping mineralized rock formations.
- Highly prospective exploration area with a large number of old Sn, Ag-Pb-Zn, Cu, W mines and mineral occurrences within tenement area.
- 170km² of soil sampling comprised of 20,537 samples completed across tenements as well as 2D and 3D mapping completed to identify most prospective areas.
- Multiple high priority drill targets identified with 1 target drilled. Targets identified through review of historical drilling with all 6 historical holes intersecting mineralisation. Best intercepts of 104m at 0.21% Sn from 12m and 34m at 0.26% Sn from 99m.
- Metallurgical testwork of drill cores produced 71% tin recovery from gravity and flotation. 360 rock chip samples returned multiple high grade rock chip and historic mine mullock sample assays, which include peaks of 874g/t Ag, 15.25% W, 5.47% Sn and 3.39g/t Au.

⁶ ASX Announcement 9 February 2021 - Acquisition of Khartoum Tin-Silver-Tungsten Project

- High grade channeling intersected mineralization at Khartoum with peaks of: (i) 8m at 1.7% Sn, 90g/t Ag, 0.22g/t Au and 0.23% Cu – Undrilled (ii) 15m channel of greisen 0.4% W and 32g/t Ag – Undrilled (iii) 1m channel of shear in granite 2,800g/t Ag, 2% Cu, 3.9% Pb and 0.4% Zn – Undrilled
- (b) On 19 January 2021, the Company issued 9,000,000 shares as part consideration for the acquisition of the La Fortuna Gold-Copper Project (6,000,000) and the Tierra Blanca Gold-Silver Project (3,000,000) in Mexico (refer to review of operations on Page 4 for further details).
- (c) On 29 January 2021, the Company issued 60,000,000 fully paid ordinary shares in the Company to sophisticated and institutional investors at an issue price of \$0.03 per share to raise \$1,800,000 (before capital raising costs).
- (d) On 17 February 2021, the Company executed a definitive Standby Placement Agreement with Mint Capital Advisors Ltd for a financing facility of up to \$10 million over a two-year term⁷.
- (e) On 24 February 2021, the Company announced its intentions to spin out its Serbian lithium and borate assets (comprising of its Rekovac Project and pending applications for new exploration permits in Serbia) into a new incorporated subsidiary called Balkan Mining and Minerals Limited ("Balkan") subject to shareholder approval. It is intended that Balkan will undertake an Initial Public Offering ("IPO") to facilitate an admission to the official list of the ASX and see Balkan raise \$6.5 million of new equity. Under the proposed transaction, Jadar will retain approximately 22% of the equity in Balkan and retain exposure to Serbia assets via equity interest.

Sandfire has conditionally agreed to participate in the proposed IPO with a strategic investment of \$2M amounting to an approximate 22% equity in Balkan on the key terms and conditions set out in the Company's announcement dated 24 February 2021. As part of Sandfire's investment, Sandfire has also agreed to collaborate with Balkan.

The proposed transaction will create a new listed company with a sole focus on exploration and development of mineral projects in the Balkans, assisted by a dedicated board and management team with the ability to give direct focus to the Serbian lithium and borate assets and allocate the necessary resources required to generate immediate value.

Compliance Statement

Yanamina Project

This half year report contains information relating to a Mineral Resource extracted from an ASX market announcement dated 10 February 2020 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). JDR confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed.

Tierra Blanca Project

This half year report contains information on the Tierra Blanca Project extracted from an ASX market announcement dated 17 November 2020 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). JDR confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement.

La Fortuna Project

This half year report contains information on the La Fortuna Project extracted from an ASX market announcement dated 10 December 2020 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). JDR confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement.

Khartoum Project

This half year report contains information on the Khartoum Tin Silver and Tungsten Project extracted from an ASX market announcement dated 9 February 2021 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). JDR confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement.

⁷ ASX Announcement 9 February 2021 - Definitive Agreement for \$10M Financing Facility Executed

Directors' Report

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 13 for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors.



Adrian Paul
Executive Director

Dated this day of 12 March 2021

Directors' Declaration

In accordance with a resolution of the directors of Jadar Resources Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2020 and the performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Adrian Paul

Executive Director

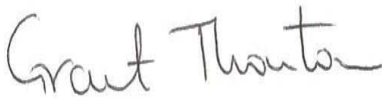
Dated this 12 March 2021

Auditor's Independence Declaration

To the Directors of Jadar Resources Limited

In accordance with the requirements of *section 307C* of the *Corporations Act 2001*, as lead auditor for the review of Jadar Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 12 March 2021

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Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2020



| | Note | 31 December 2020 \$ | 31 December 2019 \$ |
|---|------|---------------------------|---------------------------|
| Interest income | | 321 | 11,340 |
| Government grants | | 45,215 | - |
| Consulting fees | | (108,674) | (7,000) |
| Director fees | | (190,371) | (102,400) |
| Depreciation | | (1,163) | - |
| Employee expenses | | (100,203) | (14,589) |
| Exploration and evaluation expenses | | (195,239) | - |
| Exploration written off | | (17,475) | - |
| Marketing and investor relations | | (11,600) | (18,797) |
| Other expenses | | (41,159) | (111,050) |
| Professional fees | 2 | (561,420) | (147,378) |
| Share registry and listing fees | | (38,594) | (32,339) |
| Share based payments | | (57,390) | (130,026) |
| Loss before income tax | | (1,277,752) | (552,239) |
| Income tax expense | | - | - |
| Loss after tax | | (1,277,752) | (552,239) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference on translation of foreign operations | | (32,638) | (4,650) |
| Other comprehensive loss for the period, net of tax | | (32,638) | (4,650) |
| Total comprehensive loss for the period | | (1,310,390) | (556,889) |
| Loss attributable to: | | | |
| Members of the parent entity | | (1,277,245) | (547,770) |
| Non-controlling Interest | | (507) | (4,469) |
| | | (1,277,752) | (552,239) |
| Total comprehensive loss for the period attributable to: | | | |
| Members of the parent entity | | (1,308,041) | (553,067) |
| Non-controlling interest | | (2,349) | (3,821) |
| | | (1,310,390) | (556,889) |
| Loss per share | | | |
| Basic and diluted loss per share (cents) | 9 | (0.22) | (0.12) |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Financial Position

As at 31 December 2020

| | Note | 31 December 2020 \$ | 30 June 2020 \$ |
|----------------------------------|------|---------------------------|-----------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 1,465,312 | 965,172 |
| Trade and other receivables | 3 | 93,881 | 30,451 |
| Other current assets | 4 | 406,757 | 36,918 |
| Total Current Assets | | 1,965,950 | 1,032,541 |
| Non-Current Assets | | | |
| Exploration asset | 5 | 2,230,520 | 2,111,317 |
| Plant and equipment | | 3,338 | 3,225 |
| Other receivables | | 74,715 | - |
| Total Non-Current Assets | | 2,308,573 | 2,114,542 |
| Total Assets | | 4,274,523 | 3,147,083 |
| Current Liabilities | | | |
| Trade and other payables | 6 | 177,284 | 219,292 |
| Employee entitlements | | 12,252 | 1,404 |
| Provisions for doubtful debt | | 74,715 | - |
| Total Current Liabilities | | 264,251 | 220,696 |
| Total Liabilities | | 264,251 | 220,696 |
| Net Assets | | 4,010,272 | 2,926,387 |
| Equity | | | |
| Issued capital | 7 | 42,595,182 | 40,480,699 |
| Unissued capital | | 270,000 | - |
| Reserves | 8 | 104,724 | 243,927 |
| Accumulated losses | | (38,955,870) | (37,796,824) |
| Non-controlling interest | | (3,764) | (1,416) |
| Total Equity | | 4,010,272 | 2,926,387 |

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Changes in Equity

For the Half-Year Ended 31 December 2020

| | Note | Issued capital | Unissued capital | Share Based Payment Reserves | Foreign Currency Reserve | Accumulated Losses | Non-controlling Interest | Total |
|---|------|-------------------|------------------|------------------------------|--------------------------|---------------------|--------------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1.7.2019 | | 40,154,698 | - | 118,198 | (13,696) | (35,835,408) | 9,752 | 4,433,544 |
| Loss attributable to members of parent entity | | - | - | - | - | (547,770) | (4,469) | (552,239) |
| Other comprehensive income | | - | - | - | (4,650) | - | (760) | (5,410) |
| Sub-total | | - | - | - | (4,650) | (547,770) | (5,229) | (557,649) |
| Issued capital | | 400,000 | - | - | - | - | - | 400,000 |
| Capital raising cost | | (74,000) | - | - | - | - | - | (74,000) |
| Share based payment | 8 | - | - | 130,026 | - | - | - | 130,026 |
| Balance at 31.12.2019 | | 40,480,698 | - | 248,224 | (18,346) | (36,383,178) | 4,523 | 4,331,921 |
| Balance at 1.7.2020 | | 40,480,698 | - | 269,721 | (25,794) | (37,796,823) | (1,415) | 2,926,387 |
| Loss attributable to members of parent entity | | - | - | - | - | (1,277,245) | (507) | (1,277,752) |
| Other comprehensive income | | - | - | - | (30,796) | - | (1,842) | (32,638) |
| Sub-total | | - | - | - | (30,796) | (1,277,245) | (2,349) | (1,310,390) |
| Issue of shares | | 2,152,000 | - | - | - | - | - | 2,152,000 |
| Agreements for issue of shares | | - | 270,000 | - | - | - | - | 270,000 |
| Exercise and expiry of options | | - | - | (118,198) | - | 118,198 | - | - |
| Conversion of performance rights | | 47,600 | - | (47,600) | - | - | - | - |
| Capital raising cost | | (85,116) | - | - | - | - | - | (85,116) |
| Share based payment | 8 | - | - | 57,391 | - | - | - | 57,391 |
| Balance at 31.12.2020 | | 42,595,182 | 270,000 | 161,314 | (56,590) | (38,955,870) | (3,764) | 4,010,272 |

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Cash Flows

For the Half-Year Ended 31 December 2020

| | 31 December 2020 \$ | 31 December 2019 \$ |
|---|---------------------------|---------------------------|
| Cash Flow from Operating Activities | | |
| Payments to suppliers | (472,826) | (247,368) |
| Payments for staff costs | (341,028) | (159,868) |
| Business development | - | (18,777) |
| Interest received | 321 | 12,319 |
| Government grant and tax incentives | 36,969 | - |
| Net cash flows used in operating activities | (776,564) | (413,694) |
| Cash Flow from Investing Activities | | |
| Payment for tenements | (447,329) | - |
| Payment for property plant and equipment | (1,479) | - |
| Payment for exploration and evaluation | (188,951) | (399,926) |
| Payment for non-current asset | (124,099) | - |
| Net cash flows used in investing activities | (761,858) | (399,926) |
| Cash Flow from Financing Activities | | |
| Proceeds from issue of shares | 1,500,000 | 400,000 |
| Proceeds from exercise of options | 652,000 | - |
| Transaction costs related to issues of shares, convertible notes or options | (85,116) | - |
| Net cash flows provided by financing activities | 2,066,884 | 400,000 |
| Net decrease in cash and cash equivalents | 528,462 | (413,620) |
| Foreign exchange | (28,322) | (13,968) |
| Cash and cash equivalents at the beginning of the period | 965,172 | 2,022,957 |
| Cash and cash equivalents at the end of the period | 1,465,312 | 1,595,369 |

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

1. Statement of Significant Accounting Policies

(a) Reporting Entity

Jadar Resources Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2020 comprises the Company and its controlled entities (together referred to as the consolidated entity).

This interim financial report was issued on 12 March 2021 by the directors of the Company.

(b) Statement of Compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

These half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Jadar Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(c) Basis of Preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. The financial statements have been prepared on a going concern basis.

The Accounting policies adopted in the preparation of this half-year financial report are consistent with those followed in preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2020.

Estimates and Judgements

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2020.

New, revised or amending Accounting Standards and Interpretations adopted

There were no new, revised or amended accounting standards adopted in the period.

Going concern basis of preparation

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties of progressing to profitable mining operations and managing working capital requirements, the Directors consider this to be appropriate.

(c) Basis of Preparation (Continued)

For the half-year ended 31 December 2020 the Group recorded a loss of \$1,277,752 (31 December 2019: \$552,239 loss), a net working capital surplus of \$1,307,600 (30 June 2019: \$811,845) and had net cash outflows from operating activities of \$776,564 (31 December 2019: \$413,694).

The Directors are mindful of the Company's working capital requirements and cognisant of its developed capital management program that will provide funding to maximize the potential of its current asset and provide a strong base for increasing shareholder value. Based on the forecasts, execution of the \$10 million Mint Financing facility and achieving the future financing, the directors consider the basis of going concern to be appropriate. The ability of the consolidated entity to continue as a going concern is also dependent upon the successful exploitation of its mineral tenements and progression of its exploration activities into a successful production stage.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

2. Professional fees

| | Consolidated entity | |
|---------------------------------------|---------------------|---------------------|
| | 31 December 2020 | 30 December 2019 |
| | \$ | \$ |
| Accounting and Company secretary fees | (73,580) | (65,585) |
| Audit fees | (13,107) | (13,112) |
| Legal fees | (474,733) | (68,681) |
| | (561,420) | (147,378) |

3. Trade and Other Receivables

| | Consolidated entity | |
|------------------------------|---------------------|-----------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Trade and other receivables | 17,681 | 9,756 |
| Government grant receivables | 16,045 | - |
| GST/VAT receivables | 60,155 | 20,695 |
| | 93,881 | 30,451 |

All amounts are short-term and the carrying values are considered to approximate fair value.

4. Other current assets

| | Consolidated entity | |
|-------------------------------------|---------------------|-----------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Prepayments – Tierra Blanca, Mexico | 147,589 | - |
| Prepayments – La Fortuna, Mexico | 246,510 | - |
| Other prepayments | 12,658 | 36,918 |
| | <u>406,757</u> | <u>36,918</u> |

During the reporting period, the Company entered into separate option agreements to acquire the Tierra Blanca and La Fortuna gold, silver and copper projects located in Mexico. Please refer to the Directors' Report for details on these projects and acquisition terms.

5. Exploration Asset

| | Consolidated entity | |
|------------------------------------|---------------------|------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Opening balance | 2,111,317 | 2,464,994 |
| Asset acquisition ¹ | - | 187,888 |
| Exploration capitalised | 136,678 | 534,510 |
| Exploration write off ² | (17,475) | (1,076,075) |
| Closing balance | <u>2,230,520</u> | <u>2,111,317</u> |

- On 31 December 2019, the Company acquired its Peruvian Gold Project, the Yanamina gold project, and the announcement of the Company's maiden JORC 2012 Resource Estimate of 6,742,260 tonnes @ 1.23g/t gold and 4.31 g/t silver for 265,987 ounces of contained gold, and 934,528 ounces of contained silver.
- During the reporting period, the Group relinquished two single Austrian licenses, Birkfeld and Klementkogel. As a result of rigorous project prioritisation, during the financial year ended 30 June 2020, the Company decided to focus its Serbian resources on its Rekovac project and sought to relinquish its Cer and Vranje-South projects.

6. Trade and Other Payables

| | Consolidated entity | |
|--------------------------|---------------------|-----------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| Trade and other payables | 159,484 | 165,077 |
| Accruals | 17,800 | 54,215 |
| | <u>177,284</u> | <u>219,292</u> |

All amounts are short-term and the carrying values are considered to approximate fair value.

7. Share Capital

| | Note | Consolidated entity | |
|--|------|---------------------------|-----------------------|
| | | 31 December 2020 \$ | 30 June 2020 \$ |
| 639,484,072 (30 June 2020: 524,884,071) Fully paid ordinary shares | (a) | 42,595,182 | 40,480,698 |
| a) Ordinary Shares | | | |
| At beginning of the reporting period | | 40,480,698 | 40,154,698 |
| Issue of shares – capital raising | | 1,500,000 | 400,000 |
| Issue of shares – exercise of options | | 652,000 | - |
| Issue of shares – conversion of performance rights | | 47,600 | - |
| Capital raising cost | | (85,116) | (74,000) |
| At reporting date | | 42,595,182 | 40,480,698 |
| | | No. of shares | No. of shares |
| At beginning of the reporting period | | 524,884,071 | 480,439,627 |
| Issue of shares – capital raising | | 75,000,001 | 44,444,444 |
| Issue of shares – exercise of options | | 32,600,000 | - |
| Issue of shares – conversion of performance rights | | 7,000,000 | - |
| At reporting date | | 639,484,072 | 524,884,071 |

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

8. Reserves

| | Consolidated entity | |
|---|---------------------------|---------------------------|
| | 31 December 2020 \$ | 30 June 2020 \$ |
| Reserves | | |
| Foreign currency reserve | (56,590) | (25,794) |
| Option reserve 25,000,000 (30 June 2020: 125,250,000) | 121,443 | 239,641 |
| Performance right reserve 30,000,000 (30 June 2020: 17,000,000) | 39,871 | 30,080 |
| | 104,724 | 243,927 |
| a) Foreign Currency Reserve | | |
| At the beginning of reporting period | (25,794) | (13,696) |
| Movement | (30,796) | (12,098) |
| At the end of reporting period | (56,590) | (25,794) |
| b) Share Based Payment Reserves | | |
| Option Reserve | \$ | \$ |
| At beginning of the reporting period | 239,641 | 118,198 |
| Issue of options | - | 121,443 |
| Exercise of options | (62,794) | - |
| Expiry of options | (55,404) | - |
| At the end of reporting period | 121,443 | 239,641 |
| | No. of options | No. of options |
| At beginning of the reporting period | 125,250,000 | 100,250,000 |
| Issue of incentive options | - | 25,000,000 |
| Exercise of options | (32,600,000) | - |
| Expiry of options | (67,650,000) | - |
| At the end of reporting period | 25,000,000 | 125,250,000 |
| Performance Right Reserve | \$ | \$ |
| At beginning of the reporting period | 30,080 | - |
| Performance rights expense | 57,391 | - |
| Conversion of performance rights | (47,600) | - |
| At the end of reporting period | 39,871 | 30,080 |

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2020

Reserves (continued)

| | No. of performance rights | No. of performance rights |
|--------------------------------------|---------------------------------|---------------------------------|
| At beginning of the reporting period | 17,000,000 | 18,000,000 |
| Issue of performance rights | 20,000,000 | (1,000,000) |
| Conversion of performance rights | (7,000,000) | - |
| At the end of reporting period | 30,000,000 | 17,000,000 |

9. Loss Per Share

Both the basic and diluted loss per share have been calculated using the profit attributable to shareholders of the parent company (Jadar Resources Limited) as the numerator, ie, no adjustments to losses were necessary during the six-month periods to 31 December 2020 and 31 December 2019. The weighted average number of shares for the purposes of the calculation of diluted loss per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

| | Consolidated entity | |
|--|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 |
| Basic and diluted loss per share (cents) | (0.22) | (0.12) |
| Losses used to calculate basic and diluted EPS (\$) | (1,277,752) | (552,239) |
| Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS* | 591,205,177 | 482,371,994 |
| Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS* | 591,205,177 | 482,371,994 |

Anti-dilutive options and performance rights have not been used in the EPS calculation. As at 31 December 2020 there were 25,000,000 options and 30,000,000 performance rights on issue.

10. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group's reportable segments have been identified around geographical areas and regulatory environments. The following table presents revenue and result information and certain asset and liability information regarding the relevant segments for the year ended 31 December 2020 for the consolidated entity.

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2020

Segment information (continued)

| 6 months to 31 December 2020 | Serbia | Austria | Peru | Total |
|--|---------------|----------------|-------------|--------------|
| Segment result | \$ | \$ | \$ | \$ |
| Other income | 928 | 44,286 | - | 45,214 |
| Supplier, consulting, investor relations and other | (25,599) | (25,752) | (45,163) | (96,514) |
| Employment | (21,405) | (21,405) | - | (42,810) |
| Impairment | - | (17,475) | - | (17,475) |
| Segment result | (46,076) | (20,346) | (45,163) | (111,585) |
| Corporate | | | | (1,166,167) |
| Segment assets and liabilities | | | | |
| Cash at bank, trade and other receivables | 4,608 | 64,606 | 20,539 | 89,753 |
| Segment other assets | 118 | - | - | 118 |
| Segment Property, plant and equipment | 1,072 | - | 2,266 | 3,338 |
| Segment exploration asset | 729,463 | 1,236,847 | 264,210 | 2,230,520 |
| Segment liabilities | (22,339) | (15,591) | (15,855) | (53,785) |
| Corporate assets | | | | 1,950,792 |
| Corporate liabilities | | | | (210,464) |
| 6 months to 31 December 2019 | Serbia | Austria | Peru | Total |
| Segment result | \$ | \$ | \$ | \$ |
| Other income | - | - | - | - |
| Supplier, consulting, investor relations and other | (29,598) | (7,754) | - | (37,352) |
| Employment | (7,295) | (7,295) | - | (14,590) |
| Segment result | (36,893) | (15,049) | - | (51,942) |
| Corporate | | | | (500,297) |
| Segment assets and liabilities | | | | |
| Cash at bank, trade and other receivables | 16,861 | 55,212 | 4,458 | 76,531 |
| Segment other assets | 119 | - | - | 119 |
| Segment Property, plant and equipment | - | - | 1,820 | 1,820 |
| Segment exploration asset | 1,495,104 | 1,140,110 | 219,058 | 2,854,272 |
| Segment liabilities | (917) | (2,955) | (23,002) | (26,874) |
| Corporate assets | | | | 1,597,725 |
| Corporate liabilities | | | | (171,672) |

11. Contingencies

As announced on 17 November 2020 and 10 December 2020, the Company has entered into option agreements in respect of the acquisition of two gold/silver projects, both located in Mexico, known as the Tierra Blanca Project and the La Fortuna Project (Option Agreements).

In consideration for the Tierra Blanca option, the Company agreed to an upfront cash payment of US\$30,000 and the issue of 3,000,000 Shares (Refer to Note 4). The Tierra Blanca option terms are spread over 3 years at a cost of US\$24,000 per annum in equal monthly instalments in addition to meeting the license costs of the vendor. A payment equivalent to US\$25,000 will become payable at the decision to mine along with a royalty of US\$2.00 per tonne of ore fed to the mill from the Tierra Blanca Project.

In consideration for the La Fortuna option, the Company agreed to an upfront cash payment of US\$50,000 and the issue of 6,000,000 Shares (Refer to Note 4). Upon exercise of this option (within 90 days of its acquisition), the Company will acquire 100% of the shares of the Company for the following consideration:

- US\$100,000 in cash and 15,000,000 Shares to acquire 50% of Minera GS on the expiry date of the option;
- US\$100,000 in cash and 15,000,000 Shares to acquire a further 30% of Minera GS within 12 months of the date exercise of the option;
- US\$100,000 in cash and 15,000,000 Shares for the remaining 20% of the shares in Minera GS within 12 months of acquiring a 80% shareholding; and
- Net Smelter Royalty (NSR) of 1%.

Whilst the Company has expressly reserved all of its rights relating to or arising from the MRV Metals Transaction, including (but not limited to) rights against the Receivers and the purported secured creditors, the Company may have a contingent liability from the liquidators costs in respect of this transaction which is unknown at the date of this report.

Other than the above, there have been no other changes in the Contingent Assets or Liabilities of the Group since 30 June 2020.

12. Events Subsequent to Balance Date

Subsequent to period end the following key events have occurred:

- (a) In February 2021, the Company entered into a sale and purchase agreement with Jervois Mining Limited (ASX:JVR) for the purchase of the Khartoum Tin, Silver and Tungsten Project located approximately 100km south west of Cairns, Queensland, Australia in consideration for AU\$300,000 cash payment.

Subject to Jadar board approval and ASX approval and upon execution of the SPA Jadar will have 30 days to complete due diligence on the project, which is currently ongoing.

The Khartoum Tin, Silver and Tungsten Project in summary comprises:

- Tenement package consists of 5 exploration leases covering approximately 396.39km² in the tightly held prospective Herberton mineral field.
- Potential for world class deposit with 50km² of outcropping mineralized rock formations.
- Highly prospective exploration area with a large number of old Sn, Ag-Pb-Zn, Cu, W mines and mineral occurrences within tenement area.
- 170km² of soil sampling comprised of 20,537 samples completed across tenements as well as 2D and 3D mapping completed to identify most prospective areas.

Events Subsequent to Balance Date (continued)

- Multiple high priority drill targets identified with 1 target drilled. Targets identified through review of historical drilling with all 6 historical holes intersecting mineralisation. Best intercepts of 104m at 0.21% Sn from 12m and 34m at 0.26% Sn from 99m.
 - Metallurgical testwork of drill cores produced 71% tin recovery from gravity and flotation. 360 rock chip samples returned multiple high grade rock chip and historic mine mullock sample assays, which include peaks of 874g/t Ag, 15.25% W, 5.47% Sn and 3.39g/t Au.
 - High grade channeling intersected mineralization at Khartoum with peaks of: (i) 8m at 1.7% Sn, 90g/t Ag, 0.22g/t Au and 0.23% Cu – Undrilled (ii) 15m channel of greisen 0.4% W and 32g/t Ag – Undrilled (iii) 1m channel of shear in granite 2,800g/t Ag, 2% Cu, 3.9% Pb and 0.4% Zn – Undrilled
- (b) On 19 January 2021, the Company issued 9,000,000 shares as part consideration for the acquisition of the La Fortuna Gold-Copper Project (6,000,000) and the Tierra Blanca Gold-Silver Project (3,000,000) in Mexico (refer to review of operations on Page 4 for further details).
- (c) On 29 January 2021, the Company issued 60,000,000 fully paid ordinary shares in the Company to sophisticated and institutional investors at an issue price of \$0.03 per share to raise \$1,800,000 (before capital raising costs).
- (d) On 17 February 2021, the Company executed a definitive Standby Placement Agreement (SPA) with Mint Capital Advisors Ltd (Mint) for a financing facility of up to \$10 million over a two year term (Facility). As at the date of this report, the Company has not drawn down any funds from the financing facility.

The key terms of the Facility are summarised below:

- Jadar may elect at its sole discretion to drawdown funds in consideration for the issue of shares to Mint in accordance with the terms of the Facility.
- Any shares issued to Mint following a request for drawdown made by Jadar will be issued at a price per share equal to 90% of the average of the 15 trading day daily VWAP of Jadar's shares as published by Bloomberg for the 15 trading days following the date of issue of Jadar's drawdown notification.
- The number of shares to be issued to Mint will be that number of shares equal to 5 times the average daily traded volume of shares on ASX for the 15 trading days following the date of issue of Jadar's drawdown notification to the total value of the drawdown requested by Jadar.
- Jadar may drawdown up to \$300,000 per month (Maximum Drawdown) (or such larger amounts as agreed by the parties).
- Jadar will only be able to drawdown funds if the issue price that is calculated on notification of the drawdown is above a floor price of \$0.04 per share. No notification of a drawdown is able to occur if 90% of the average of the 15 daily VWAPs for the actual trading days immediately prior to the drawdown notice, is below \$0.04 per share. However, if the actual issuance price calculated according to the terms of the Facility is less than the floor price, the drawdown will still proceed unless both parties agree otherwise
- Mint shall not be entitled to own more than 9.99% of the shares in Jadar, either pursuant to the terms of the Facility or via one or more on-market acquisitions, at any given time. If Mint's shareholding was to increase above 9.99%, then Mint would need to use its reasonable endeavours to sell down part of its shareholding to ensure compliance with the terms of the Facility or a respective drawdown would be reduced accordingly.
- All issuances of shares under the Facility are subject to compliance with the Corporations Act 2001 and the ASX Listing Rules. Drawdowns will be undertaken in reliance on Listing Rules 7.1 or 7.1A – if the Company does not have sufficient placement capacity under Listing Rule 7.1, then it will not undertake a drawdown and no shares will be issued until such time as the Company has capacity to do so

Events Subsequent to Balance Date (continued)

- (e) On 24 February 2021, the Company announced its intentions to spin out its Serbian lithium and borate assets (comprising of its Rekovac Project and pending applications for new exploration permits in Serbia) into a new incorporated subsidiary called Balkan Mining and Minerals Limited (“Balkan”) subject to shareholder approval. It is intended that Balkan will undertake an Initial Public Offering (“IPO”) to facilitate an admission to the official list of the ASX and see Balkan raise \$6.5 million of new equity. Under the proposed transaction, Jadar will retain approximately 22% of the equity in Balkan and retain exposure to Serbia assets via equity interest.

Sandfire has conditionally agreed to participate in the proposed IPO with a strategic investment of \$2M amounting to an approximate 22% equity in Balkan on the key terms and conditions set out in the Company’s announcement dated 24 February 2021. As part of Sandfire’s investment, Sandfire has also agreed to collaborate with Balkan.

The proposed transaction will create a new listed company with a sole focus on exploration and development of mineral projects in the Balkans, assisted by a dedicated board and management team with the ability to give direct focus to the Serbian lithium and borate assets and allocate the necessary resources required to generate immediate value.

Independent Auditor's Review Report

To the Members of Jadar Resources Limited

Report on the review of the half-year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Jadar Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Jadar Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Jadar Resources Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

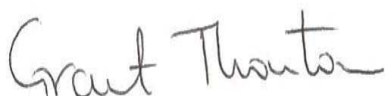
Directors' responsibility for the half-year financial report

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


Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 12 March 2021