

Jervois Mining Limited

ABN 52 007 626 575

Annual Report - 30 June 2016

Jervois Mining Limited
Corporate directory
30 June 2016

Directors	Duncan Pursell (Executive Chairman) Derek Foster (Executive Director) Roger Fairlam (Executive Director)
Company secretary	Roger Fairlam
Registered office	Suite 12, Level 2, 4-10 Jamieson Street, Cheltenham, Victoria, 3192
Principal place of business	Suite 12, Level 2, 4-10 Jamieson Street, Cheltenham, Victoria, 3192
Share register	Computershare Investor Services Pty Ltd, 452 Johnston Street Abbotsford, Victoria, 3067
Auditor	George Georgiou FCA Connect Audit Level 4, 100 Albert Road South Melbourne, Victoria, 3205
Bankers	ANZ Banking Group Limited Level 1 420 St Kilda Road, Melbourne, Victoria, 3004
Stock exchange listing	Jervois Mining Limited shares are listed on the Australian Securities Exchange (ASX code: JRV)
Website	www.jervoismining.com.au
Email	admin@jervoismining.com.au

Jervois Mining Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jervois Mining Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

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

Duncan Pursell
Derek Foster
Roger Fairlam

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$941,508 (30 June 2015: \$1,179,544).

Refer to the detailed review of operations that directly follows this directors' report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity will continue to seek to commercialise existing assets and pursue further exploration opportunities. There are no significant changes in the nature or size of operational expected.

Environmental regulation

The consolidated entity holds participating interests in a number of mining and exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2016.

Information on directors

Name:	Mr Duncan Pursell
Title:	Executive Chairman and Chief Executive Officer
Qualifications:	BSc, MAusIMM
Experience and expertise:	Mr Pursell is a mining engineer with more than fifty two years' experience. After graduating from Glasgow University he worked in West Africa before moving to Australia in the 1960's
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Executive chairman of the board of directors
Interests in shares:	9,635,417 fully paid ordinary shares.
Interests in options:	Nil

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Name: Mr Derek Foster
Title: Executive Director
Qualifications: B.Appl.Sc (Applied Geology), MAusIMM
Experience and expertise: Mr Foster is a geologist with vast experience as a "hands on" geologist in Victoria, Western Australia, Northern Territory and Queensland. He has worked in gold, uranium, nickel / cobalt sulphides, laterites, lithium and rare earths and mineral sands.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Mr Foster is the consolidated entity's chief geologist and resident director for WA.
Interests in shares: 2,034,875 fully paid ordinary shares
Interests in options: Nil

Name: Mr Roger Fairlam
Title: Executive Director and Company Secretary
Qualifications: Chartered Accountant
Experience and expertise: Over forty years accounting experience. Previously a Director and Company Secretary of the Parent entity from 1995 to 2006 and Company secretary/ Chief Financial Officer 2009 to 2011.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Chief Financial Officer
Interests in shares: 39,114 Fully Paid Ordinary Shares
Interests in options: Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Duncan Pursell	7	7
Mr Derek Foster	7	7
Mr Roger Fairlam	7	7

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

After taking into account the consolidated entity's financial position and ability to pay market rates, both the full board or the chief executive officer acting with delegated responsibilities, aims to remunerate all of its staff, including its key management personnel, fairly and reasonably to attract and retain appropriately qualified and experienced individuals capable of achieving the consolidated entity's business objectives for the benefit of the Parent entity's shareholders.

To achieve this remuneration objective, the consolidated entity may offer its staff, including its key management personnel, total remuneration packages which include the various components detailed elsewhere in this remuneration report. If necessary, the consolidated entity will obtain independent professional advice from remuneration consultants to help it achieve its remuneration objective.

The consolidated entity's remuneration objective has been designed to align director and executive objectives with shareholder and business objectives by providing both a base or fixed component and possibly short or long-term incentives. The consolidated entity's remuneration objective is considered to be appropriate for its current size and financial position and effective in its ability to attract and retain talented executives and directors to run and manage the consolidated entity.

None of the remuneration paid by the consolidated entity to its key management personnel during the reporting period was dependent on the satisfaction of a performance condition, as no short or long term incentives were paid during this period.

The board as a whole acts as the remuneration committee and determines the following:

- the over-arching executive remuneration framework;
- operation of incentive plans which apply to the executive team, including key performance indicators and performance hurdle;
- remuneration levels of executive directors and other key personnel; and
- non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company. They may enlist the help of outside consultants to achieve this objective.

Executive remuneration

In determining executive remuneration (including executive directors), the board or chief executive officer applies the remuneration objective articulated above, by aiming to ensure that the consolidated entity's executive remuneration is competitive and reasonable, aligned with the consolidated entity's business objectives and acceptable to shareholders.

The executive remuneration and reward framework has three components:

- Base pay and benefits, including superannuation
- Short-term incentives
- Long-term incentives through participation in the Parent entity's management option plan, which was approved by shareholders on 24 November 2011.

The above framework provides for a mixture of different types of remuneration to provide flexibility in aligning executive reward with the consolidated entity's business objectives and the creation of shareholder value.

During the financial year, all of the consolidated entity's executive remuneration was comprised of base pay and benefits, including superannuation. None of the remuneration paid to executives during the financial year consisted of short or long term incentives. The approval of the consolidated entity's management option plan may see the mix of remuneration components shift towards longer-term incentives in the future, although participation in the plan is at the discretion of the directors of the parent entity and is not dependent on the satisfaction of any performance conditions. There were no new options issued under this plan during the year.

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Executives receive their base pay in cash and any non-financial fringe benefits in kind. Executives are offered base pay that comprises the fixed component of their pay and rewards. There are no guaranteed pay increases in any of the executive's employment contracts. Non-financial benefits include fringe benefits such as the private use of motor vehicles and expense payment benefits. None of this type of remuneration is dependent on the satisfaction of any performance conditions. Base pay and benefits were paid to the consolidated entity's executives during the financial year.

The consolidated entity makes superannuation contributions on each component of an executives total remuneration package that is subject to Australian superannuation guarantee legislation. The consolidated entity also contributes on behalf of each executive any salary sacrificed superannuation contributions, should they elect to do so. All superannuation contributions are made to the superannuation fund elected by each executive. Superannuation contributions were paid to the superannuation funds elected by the consolidated entity's executives during the financial year.

The consolidated entity's long-term incentives are provided under the parent entity's management option plan, which was approved by shareholders at the 2011 annual general meeting. The plan is designed to provide long-term incentives for all of the consolidated entity's staff, including its executives (with the exception of the chairman of the board of the parent entity). No specific performance conditions are attached to the vesting conditions for any options granted under the plan. The directors of the parent entity have discretion to determine all of the terms and conditions for any options granted under the plan, including such matters as who participates in the plan, the vesting conditions, exercise price and expiry date etc. There are no specific performance-related vesting conditions under the plan. Options are granted under the plan for no consideration and carry no dividend or voting rights. No individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The consolidated entity does not currently attach any performance conditions or pre-defined targets to the vesting conditions of any options granted under the management option plan, which would need to be achieved before the options vested. Given the current size of the consolidated entity, performance conditions or targets are not considered necessary as each individual executive's relative performance and contribution to the consolidated entity will be taken into account by the board when it determines the vesting conditions applicable to any options granted under the plan. No long-term incentives were paid by the consolidated entity during the financial year. Nor were any management options granted during the financial year.

Use of remuneration consultants

The consolidated entity did not engage any independent remuneration consultants during the financial year in relation to any aspects of the consolidated entity's remuneration, including that paid to its key management personnel.

Voting and comments made at the company's 27 November 2015 Annual General Meeting ('AGM')

At the 27 November 2015 AGM, 50.59% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

As the company received votes against its remuneration report representing greater than 25% of the votes cast by persons entitled to vote a first strike was received for remuneration report purposes.

The board have reviewed the remuneration policy however have not amended its overall policy. The board remains confident that the remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

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	Short-term benefits		Post-employment benefits	Total
	Salary and directors fees \$	Consultancy fees \$	Super-annuation \$	
2016				
<i>Executive Directors:</i>				
Mr D Pursell	177,500	-	-	177,500
Mr D Foster	50,000	77,876	-	127,876
Mr R Fairlam	50,000	167,561	-	217,561
<i>Other Key Management Personnel:</i>				
Dr S Van Huet	57,055	-	5,277	62,332
	<u>334,555</u>	<u>245,437</u>	<u>5,277</u>	<u>585,269</u>

	Short-term benefits		Post-employment benefits	Total
	Cash salary and fees \$	Consultancy fees \$	Super-annuation \$	
2015				
<i>Executive Directors:</i>				
Mr D Pursell	160,000	-	-	160,000
Mr D Foster	50,000	87,998	-	137,998
Mr R Fairlam	50,000	140,000	-	190,000
<i>Other Key Management Personnel:</i>				
Dr S Van Huet	50,542	-	4,801	55,343
	<u>310,542</u>	<u>227,998</u>	<u>4,801</u>	<u>543,341</u>

Service agreements

Remuneration and other terms of employment for the chief financial officer and certain other key management personnel are formalised in a letter of offer. None of these letters of offer have an agreed term or stipulate any termination benefits. Each letter of offer sets out the components of each person's total remuneration package. Typically these components may include a base salary, salary sacrificed superannuation, provision of a motor vehicle or possible eligibility for long-term incentives consisting of options. None of these components depend on the satisfaction of any performance conditions. In addition, none of the letters of offer stipulate the mechanism or length of notice required in relation to the termination of executives.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2016.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016.

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Additional information

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Sales revenue	20,580	34,870	222,158	1,226,252	124,409
Profit / (loss) before income tax	(941,508)	(1,179,545)	(1,078,228)	(1,292,519)	(1,681,500)
Profit/(loss) after income tax	(941,508)	(1,179,545)	(1,078,228)	(1,292,519)	(1,681,500)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014	2013	2012
Share price at financial year end (\$)	0.05	0.05	0.03	0.02	0.30
Basic loss per share (cents per share)	(1.12)	(1.79)	(1.64)	(2.71)	(1.30)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr D Pursell	6,179,156	-	3,448,723	(120,000)	9,507,879
Mr D Foster	1,293,916	-	1,046,959	-	2,340,875
Mr R Fairlam	26,706	-	12,408	-	39,114
Mr S Van Huet	27,441	-	-	-	27,441
	<u>7,527,219</u>	<u>-</u>	<u>4,508,090</u>	<u>(120,000)</u>	<u>11,915,309</u>

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Jervois Mining Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Jervois Mining Limited issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of George Georgiou of Connect Audit

There are no officers of the company who are former partners of George Georgiou of Connect Audit.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

George Georgiou of Connect Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Duncan Pursell

27 September 2016

UPDATE OF PROGRAMS - VICTORIA

EL006303 Eildon JRV (Antimony-Gold Project)

Jervois has applied for Exploration Licence 006303 (Eildon JRV) covering approximately 300 sq km south of the town of Eildon, Victoria. The focus of exploration will be antimony and gold. Areas of this tenement were previously held by BHP and CRA respectively. The application has been accepted by the Department of Economic Development, Jobs, Transport & Resources (Victoria) and information and maps have been placed in the form of advertisements in Herald Sun on June 29, Mansfield Courier on July 6 and the Mountain View Mail on July 5, 2016. A copy of the advertisement is also in the News Section of the Jervois website: <http://jervoismining.com.au/>

METALLURGY

EL006303 Eildon JRV (Antimony-Gold Project) – Preliminary Characterisation Tests

China is the world leader in the production of antimony; reaching 110,000 t in 2010. Antimony is mainly used for making alloys with lead for lead-antimony plates in lead-acid batteries. The other uses for antimony are in the manufacture of solders and additives for chlorine and bromine-containing fire retardants. The price of antimony is often quoted in Chinese Yuan (RMB). In April 2016, a metric ton of F.O.B stibnite concentrate of 50-60% purity was worth 26,000 RMB (Au\$5,198) and antimony oxide (99.8% purity) 34,000 RMB (Au \$6,797). <http://www.metal.com/metals/productinfo/201308090008>).

At Eildon, antimony occurs in the form of narrow veins and veinlets. Securing this prospect will be exciting news for the shareholders as in addition to antimony the veins also contain gold. In Australia, it is not uncommon to find significant amounts of gold in association with antimony ores (Refer to Table 1. Schedule of Assays)

Preliminary assays from a historically collected drill core and hand specimens, accessed advantageously by Jervois from previous holders, show that a zone about 5 m wide (downhole) contains gold to about 1.1 g/t. There is potential for a larger gold deposit either along strike or at depth.

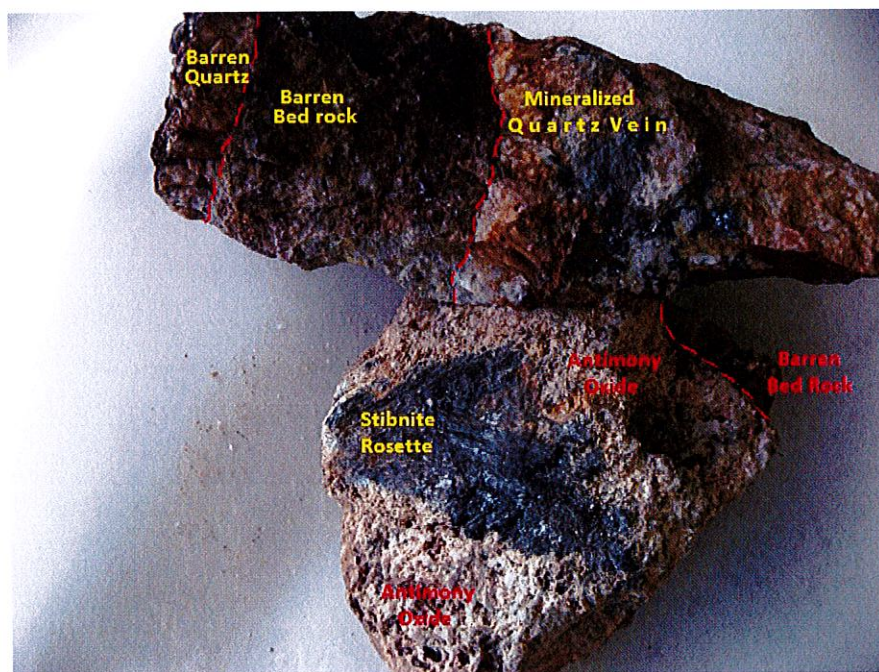


Figure 1. General appearance of antimony mineralization in two samples.

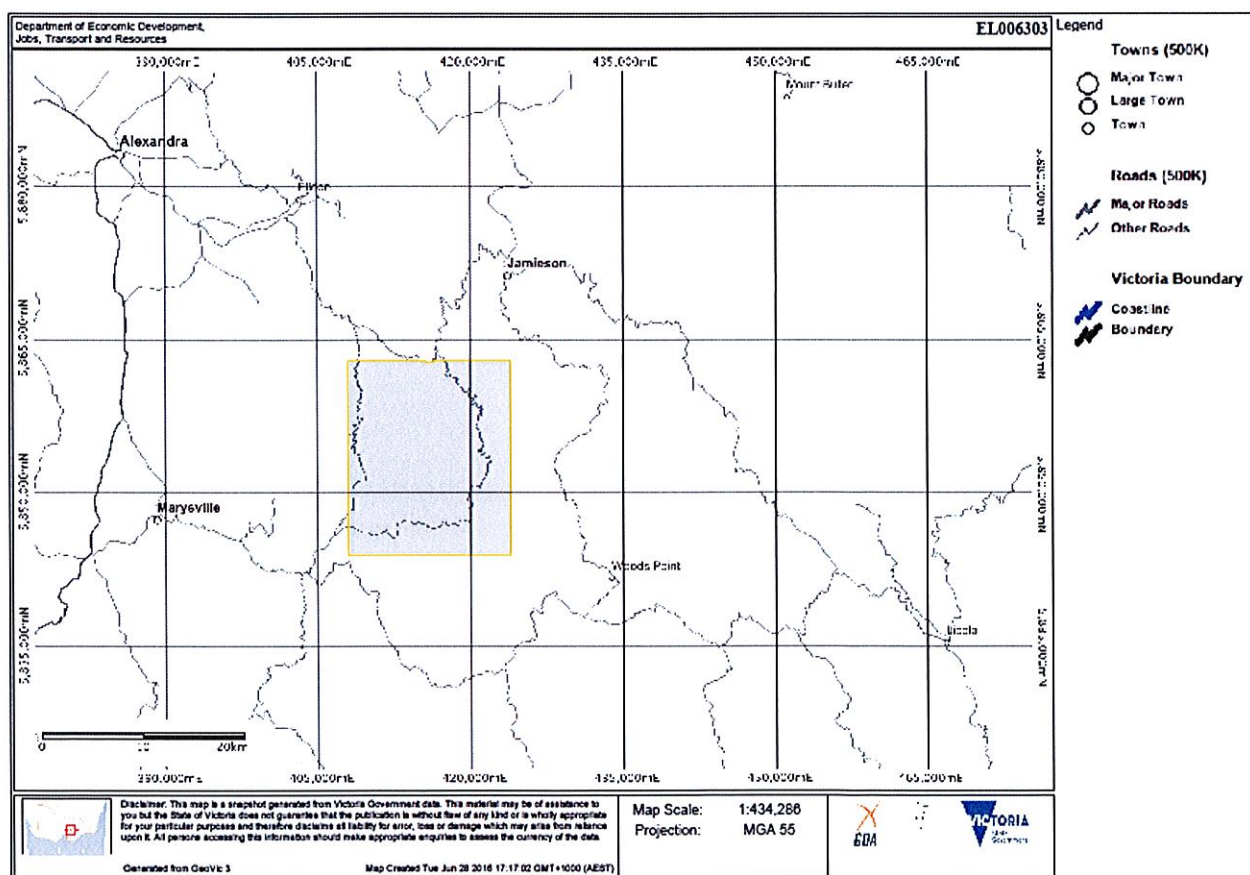
Table 1. Schedule of assays on samples from EL 006303; obtained from a previous holder (XRF and fire assay)

Assay Technique	Au-AA25
Assayed for	Au
Description of Sample	ppm
Stibnite-1	1.11
Stibnite-2	9.69
Stibnite-3	3.13
Quartz-1	0.02
Quartz-2	0.04
MUD	0.49
SERICITE	1.04
ALTERED	0.07
ALTERED2	0.62

The chemical composition of the same samples is shown in Table 2 below.

Table 2. Chemical composition of samples from EL006303 Eildon JRV

%	Al ₂ O ₃	As	Au (ppm)	BaO	CaO	Fe	K ₂ O	MgO	P ₂ O ₅	S	Sb	SiO ₂
Eildon	3.8	0.05	2.39	0.06	0.41	0.95	0.9	0.08	0.04	2.62	11.45	75.7



Map of EL006303 Eildon JRV showing area applied for.

Map 1.

UPDATE OF PROGRAMS - NSW

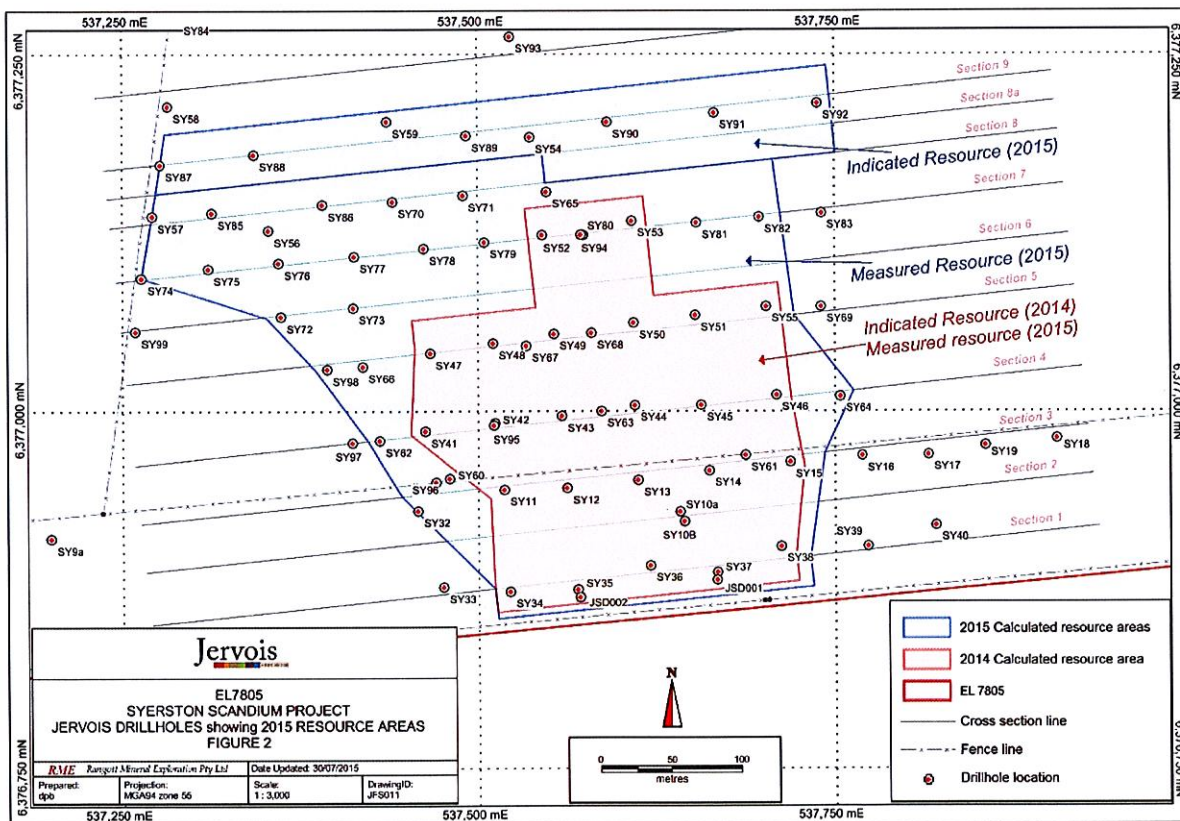
SYERSTON SCANDIUM PROJECT (near Fifield NSW) Exploration Licence 7805

There has been an approach from various groups for a Joint Venture or outright purchase of this resource. Thus far offers are not quite attractive enough but a positive outcome is still possible.

The next exploration on this tenement will be a surface sampling program in the northern units to relocate and evaluate the viability of an alluvial copper and gold show. A surface sampling and mapping program for these units on the Exploration Licence is planned for late September 2016.

As outlined in the Jervois September 2015 Quarterly Report a calculated Measured Resource for scandium on EL7805 was completed and released to the ASX on the 19th August 2015.

Calculated Measured Resource: 2,675,000 tonnes@435ppm Sc.
Calculated Indicated Resource: 468,000 tonnes @426ppm Sc.
Calculated Total Resource: 3,143,000 tonnes@434ppm Sc.
Total Contained Scandium Metal: 1,363 tonnes.



Map 2. Drilling locations – 2014 Resource Area, Syerston Scandium Project
Area shown in pink indicates 2014 indicated resource area.

METALLURGY

EL 7805 Syerston-Flemington Scandium Project

Occurrence of scandium in the limonitic fraction of a mineralised laterite

The Company is sponsoring a PhD thesis study in France, which has made recognizable progress in determining the mode of occurrence of scandium. The spectroscopic data, supported by Synchrotron X-ray diffraction, microscopic and chemical analyses, indicate that about 75% of the scandium occurred in goethite; the remainder being mainly associated with hematite. These studies show that scandium in hematite is incorporated in the crystal lattice, substituting for Fe^{3+} , whereas

scandium in goethite was found adsorbed on the crystal surfaces and grain boundaries. These findings are important for the development of efficient exploration strategies and metallurgical extraction processes.

Extraction by hydrometallurgical treatment

The metallurgical test work to leach scandium from Syerston-Flemington lateritic ores is complete. Based on this work a full patent application has been lodged. It was demonstrated that 85 to 90% of scandium can be leached by applying Jervois Mining's patented process. The bulk leach solution (so-called pregnant leach solution, PLS) prepared according to the patented method contained hardly any titanium. The presence of titanium in PLS is undesirable as it makes it difficult (and therefore costly) to make a high purity scandium oxide product. This is due to the similarities in the chemistry of titanium and scandium. Further work is scheduled to start in September 2016 which will include further refinement of the process and condensation of the flue gases for reuse.

Solvent Extraction (SX)

A straightforward method with 96% scandium extraction and 98% stripping efficiency has been developed. A high purity (99.7-99.8%) Sc_2O_3 precipitate was made at a SX recovery rate of 94%. The recovery is expected to improve even further through test work involving optimization and material recycling.



Figure 3. High purity (99.7%) scandium oxide produced from Syerston-Flemington ore.

Ion Exchange (IX)

Ion Exchange tests have also been equally successful. Preliminary tests show that, compared to SX, IX needed highly concentrated reagents during sorption, scrubbing, desorption, and polishing stages. The test work also indicated that recovering scandium from strip solution required the use of a second (different) resin. The regeneration of this resin was possible but it required large volumes of a very concentrated acid.

At this stage, no decision is made on the use of IX or SX methods for production of high purity scandium oxide product. Such a decision will be made later during techno-economic evaluations.

AREA 1 (NEW EXPORTATION AREA) (near Fifield NSW)

Exploration Licence Application 5270

Jervois has applied for, and has received a proposed offer of grant for 51 units which comprise ELA 5270, North West of EL 7805, Syerston. When granted, this new license will target Group 1 metals, gold and platinum. The application for these units was based on geophysical studies which highlighted a potential anomaly in the application area. Shareholders will be advised when this new license has been granted.

NICO YOUNG NICKEL COBALT PROJECT (near Young NSW)

Exploration Licences 5571 (Thuddungra) and 5527 (Ardnaree)

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Jervois holds two Exploration Licences near Young in NSW. In 2012 an inferred resource, covering both tenements, was completed.

Inferred 2012 Resource for the NICO Young Nickel Cobalt Resource

TENEMENT AREA	TONNES (Mt)	Ni %	Co%
Ardnaree (EL 5527)	27.0	0.80	0.05
Thuddungra East (EL 5571)	34.6	0.77	0.08
Thuddungra West (EL 5571)	20.5	0.81	0.07
TOTAL	82.1	0.79	0.06

However, due to a request from the NSW Department of Resources and Energy, several units were compulsorily relinquished from both tenements. A revaluation of the total resource will be undertaken in early 2017.

UPDATE OF PROGRAMS - QUEENSLAND

ACQUISITION OF EASTERN STATE ASSETS FROM EXPLAURUM LIMITED

On July 6th Jervois Mining finalised the transfer of 6 Exploration Licences in Northern Queensland, the 'Khartoum' and 'Carbonate Creek' Tin Projects. The licences were part of a package transferred from Explaurum Limited to Jervois Mining Limited.

KHARTOUM TIN PROJECT (near Mt Garnet N.Qld)
EPM's 14797, 15570, 19112, 19113, 19203
and
CARBONATE CREEK TIN PROJECT (near Herberton N.Qld)
EPM 19114

The Khartoum Tin Project is made up of 5 separate adjoining tenements, for 120 sub-units, prospective for tin. Prospectivity reports from the previous holder indicate that there are multiple targets for further exploration within the tenement area. The tenements are located in the Atherton Tablelands. The regional geology is heavily folded and tilted greisen and skarn with outcrops of altered granites and pegmatites. Gossan is present in areas of outcrop. Jervois main interest, apart from the tin mineralisation, is in the presence of lithium.

The Carbonate Creek Tin project comprises one tenement of 70 units. Prospectivity in this tenement follows the lineation of a series of regionally extensive fold belts. Areas within the Jervois tenement have a successful history for small mines, including the heritage listed Stannary Hills Tin mine.

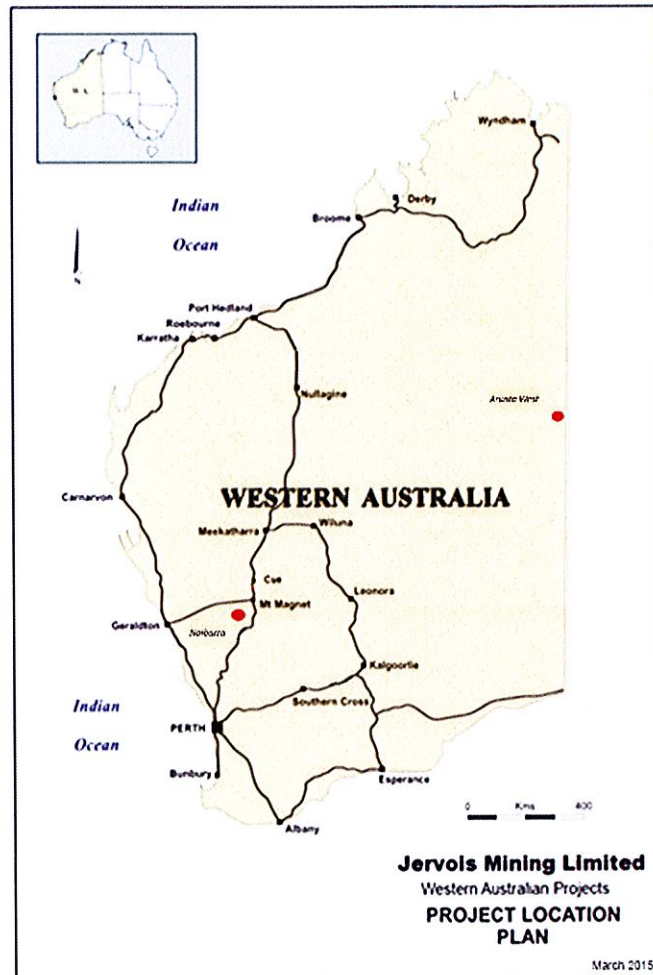
In August this year a due diligence exploration program of 5 days was undertaken to:

1. View and sample previously drilled diamond cores
2. Sight the sites where the diamond drilling occurred.
3. Collect hand specimens from outcrop in the area of the drilling and confirm locations highlighted as prospective.

All samples collected were sent for a complete suite assay. Assays from the cores agreed with previous assays from the same meterage. Outcrop assays from the core sites confirmed the localised assays.

Results indicate prospective assays for tin positive and the presence of gold, silver, copper and wolfram.

UPDATE OF PROGRAMS - WESTERN AUSTRALIA



Map 3. Project Location Plan

During the June Quarter Jervois announced to the ASX that an agreement had been entered into with Australian Mines Ltd (ASX:AUZ) in relation to the Arunta West Project.

The Arunta West Project consists of three Exploration Licences: E80/4820 (granted) and applications ELA80/4987 and ELA80/4986, which cover a total area of approximately 345 sq km. The Project is located approximately 600 km west-northwest of Alice Springs within the Gibson Desert of Western Australia, near the Western Australian Northern Territory Border. (See Map 3)

Key terms of the agreement with Australian Mines Ltd (AUZ) include:

- Expenditure of a minimum of \$350,000 on exploration within 24 months to acquire a 51% interest in the project.

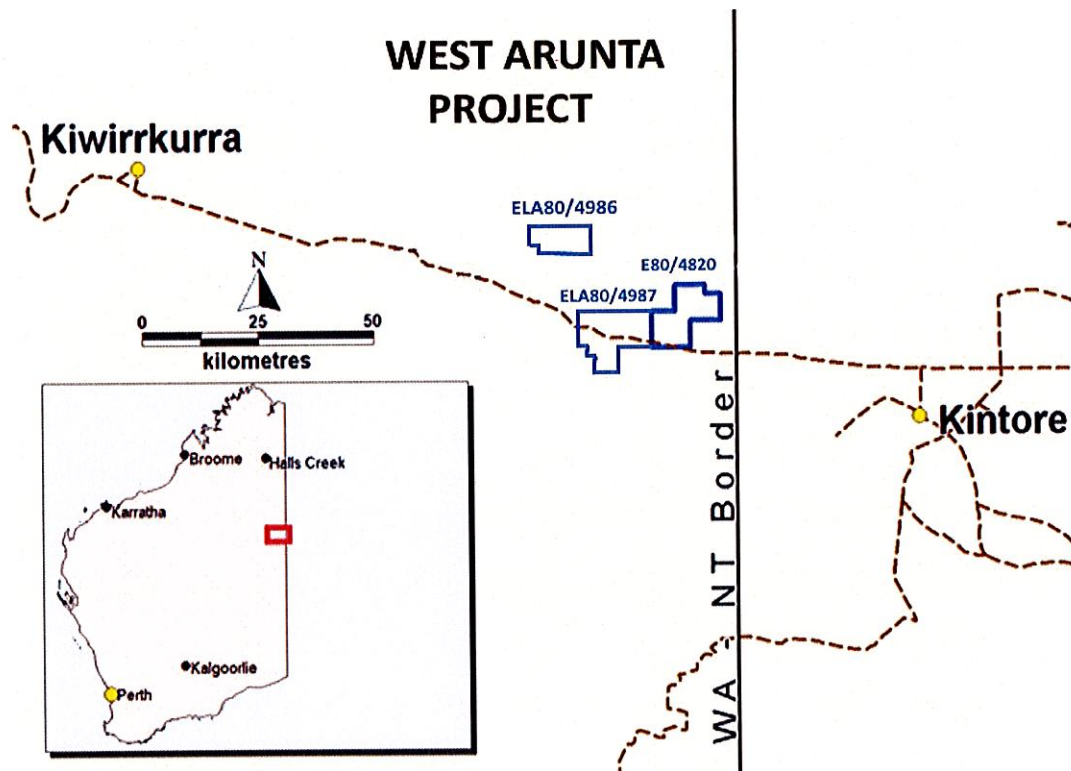
At which point AUZ may elect to acquire a further 29% interest in the project by spending \$3.15 million on exploration on the Project within a further 24 month period, to bring the total AUZ interest to 80%.

Once AUZ has satisfied earn-in requirements, resulting in an interest of either 51% or 80%, Jervois may elect to contribute on a pro rata basis, or dilute using an industry formula based on expenditure.

AUZ will be the operator and manager of the project. AUZ have shown success in similar projects such as at their Doolgunna-Marymia Project with Riedel Resources Ltd (RIE).

The West Arunta area represents an opportunity to explore for iron-oxide-copper-gold systems and for diamonds in an area that has favourable geology and significant evidence of mineralisation, but has seen limited exploration activity. At the nearby Pokali Prospect results include 36m @ 0.42% Cu, with up to 0.55g/t Au including 6m @ 1.68% Cu and 0.29g/t Au

The Arunta West Project is totally contained within Land Reserves which have been set aside for the Use and Benefit of Aboriginal Inhabitants (Nos 24923, 40783) under the jurisdiction of the Ngaanyatjarra Land Council. An Access agreement needs finalisation for E80/4820 and agreements to be negotiated for ELA80/4987 and ELA80/4986. AUZ as operator will now manage the negotiations.



Map 4. West Arunta location

UNMARKETABLE PARCELS OF SHARES

During the Quarter the Company completed the compulsory acquisition of unmarketable parcels of shares. (Those shareholders with less than \$500 worth of shares, 10,000 shares and less at a value of 5 cents per share).

At the same time shareholders were given the opportunity to purchase additional shares up to a value of \$15,000. Shareholders were also given the opportunity to retain their unmarketable parcel of shares.

The purchase of additional shares by shareholders raised \$649,750 for the Company.

The acquisition of unmarketable parcels resulted in the surrender of 6,537,273 shares which the Company is in the process of selling. The completion of sales has been completed at an average price of 4.8 cents. The proceeds have sent to individual shareholders free of brokerage charges.

The number of shareholders has been reduced to 1,423 from a total of 4,931 before the acquisition was commenced. This will result in considerable savings in the cost of maintaining the share register and communication with shareholders.

ROYALTIES

Jervois Mining Limited owns a spread of Royalty positions which encompass Gold at Bullabulling, WA and also at Forest Reefs, near Cadia in NSW. There is also the Royalty position over the Nyngan Scandium Resource, also in NSW.

In this investment climate it is difficult to judge which Royalty will ultimately be the first to yield 'cash flow' to the Company. At the time of writing, there are encouraging reports in the Nyngan local press on the future production of Scandium Oxide, by our former joint venture partner Scandium International Inc.

Jervois retains a production royalty over the Nyngan project, of 1.7 % of the sale price for Scandium and any other products produced from the site. This royalty extends for a period of 12 years from the first production date. The minimum royalty payable, annually, would be based on production of ten tonnes of Scandium Oxide (Scandia).

The Bullabulling gold royalty is set at \$ 30.00 per oz. for the first 400,000 oz. and \$20.00 per oz. thereafter, unlimited for gold produced. This is obviously potentially valuable given the steadily rising gold price due to world market instability. The steadily weakening Australian Dollar should help this project.

Forest Reefs located in the shadow of Cadia Gold Copper mine near Orange in NSW, has some, albeit, distant, potential for gold/copper production. Resources of gold do exist in the oxide zone, identified by Jervois years ago. The Royalty is 1.5% Net Smelter Return.

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Jervois Mining Limited and controlled entities for the year ended 30 June 2016, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jervois Mining Limited and controlled entities.



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 27 September 2016

Jervois Mining Limited
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30 June 2016

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Jervois Mining Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 \$	2015 \$
Revenue	5	20,580	34,870
Other income	6	352,309	61,870
Expenses			
Administrative expense		(35,647)	(9,334)
Communication expenses		(26,330)	(24,187)
Employee benefits expense		(151,546)	(94,709)
Exploration expense		(29,113)	(36,119)
Depreciation and amortisation expense		(11,808)	(13,385)
Impairment of other assets	7	(27,272)	-
Impairment of exploration assets	7	(483,239)	(528,883)
Insurance premiums		(73,841)	(91,695)
Professional fees		(277,097)	(330,203)
Securities quotation fees		(81,849)	(53,949)
Tenancy and property costs		(97,672)	(83,771)
Other expenses		(18,983)	(10,049)
Loss before income tax expense		(941,508)	(1,179,544)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Jervois Mining Limited		(941,508)	(1,179,544)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Jervois Mining Limited		<u>(941,508)</u>	<u>(1,179,544)</u>
		Cents	Cents
Basic loss per share	29	(1.12)	(1.79)
Diluted loss per share	29	(1.12)	(1.79)

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

Jervois Mining Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents		652,247	375,978
Trade and other receivables	9	426,949	786,509
Financial assets at fair value through profit or loss		2,054	821
Other	10	56,305	54,659
Total current assets		<u>1,137,555</u>	<u>1,217,967</u>
Non-current assets			
Financial assets at fair value through profit or loss	11	647,642	165,733
Property, plant and equipment	12	179,459	218,539
Exploration and evaluation	13	4,425,425	4,034,019
Other		40,000	30,000
Total non-current assets		<u>5,292,526</u>	<u>4,448,291</u>
Total assets		<u>6,430,081</u>	<u>5,666,258</u>
Liabilities			
Current liabilities			
Trade and other payables	14	103,403	112,229
Employee benefits		29,993	74,335
Total current liabilities		<u>133,396</u>	<u>186,564</u>
Total liabilities		<u>133,396</u>	<u>186,564</u>
Net assets		<u>6,296,685</u>	<u>5,479,694</u>
Equity			
Issued capital	15	51,726,844	49,968,345
Accumulated losses		<u>(45,430,159)</u>	<u>(44,488,651)</u>
Total equity		<u>6,296,685</u>	<u>5,479,694</u>

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

Jervois Mining Limited
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	49,968,345	(43,309,107)	6,659,238
Loss after income tax expense for the year	-	(1,179,544)	(1,179,544)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(1,179,544)	(1,179,544)
Balance at 30 June 2015	<u>49,968,345</u>	<u>(44,488,651)</u>	<u>5,479,694</u>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	49,968,345	(44,488,651)	5,479,694
Loss after income tax expense for the year	-	(941,508)	(941,508)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(941,508)	(941,508)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 15)	<u>1,758,499</u>	<u>-</u>	<u>1,758,499</u>
Balance at 30 June 2016	<u>51,726,844</u>	<u>(45,430,159)</u>	<u>6,296,685</u>

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

Jervois Mining Limited
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,896	8,458
Payments to suppliers and employees (inclusive of GST)		(840,463)	(914,714)
		(831,567)	(906,256)
Interest received		11,684	26,412
Net cash used in operating activities	28	(819,883)	(879,844)
Cash flows from investing activities			
Payments for investments		(130,833)	(103,863)
Payments for property, plant and equipment		-	(10,966)
Payments for exploration and evaluation		(543,186)	(771,558)
R&D tax offset received in relation to exploration assets		722,172	511,126
Net cash from/(used in) investing activities		48,153	(375,261)
Cash flows from financing activities			
Proceeds from issue of shares	15	1,145,845	-
Share issue transaction costs		(97,846)	-
Net cash from financing activities		1,047,999	-
Net increase/(decrease) in cash and cash equivalents		276,269	(1,255,105)
Cash and cash equivalents at the beginning of the financial year		375,978	1,631,083
Cash and cash equivalents at the end of the financial year		<u>652,247</u>	<u>375,978</u>

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

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 1. General information

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

Jervois Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 12, Level 2
4-10 Jamieson Street,
Cheltenham, Victoria, 3192

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

Going concern

The consolidated entity at present does not have a regular income from mining operations or production royalties. The Directors are aware of this situation and have determined that these financial statements should be prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in these financial statements, for the following reasons:

- As at 30 June 2016 the consolidated entity had cash and cash equivalents of \$652,247 (30 June 2015 \$375,978)
- The consolidated entity continues to undertake research and development activities associated with its metallurgical and exploration and evaluation activities, and provided that these activities continue to comply with the relevant income tax legislation, the Group will continue to receive cash refundable R&D tax offsets. These receipts will also assist with funding the Group's operations. The Group's has accrued \$379,041 in relation to its 2016 R&D claim and it received \$722,172 in the prior year.
- The consolidated entity's indicative cash flow forecast for the next twelve months includes significant cash out flows in relation to exploration and evaluation expenditure, which if need be, can be deferred or eliminated by the relinquishment of exploration tenements. The consolidated entity has some discretion over the quantum and timing of this type of expenditure. Any such relinquishments may have a material impact on the Group's future R&D activities and its associated cash refunds.
- The consolidated entity currently holds three production royalties in relation to exploration licenses which it either owned or still owns but is in the process of selling. In particular, they relate to the Bullabulling gold project in WA and the Forest Reefs gold and copper and Nyngan scandium projects in NSW. The basis of calculating each royalty is different and the quantum and timing of any cash receipts (if any) from either the royalty payments themselves or the outright sale of the royalty entitlements remain uncertain and cannot be predicted reliably. However, to the extent that any of them are realised, then they may involve significant cash inflows for the Group. The royalties cover all mineral products, but primarily gold, copper and scandium oxide.
- The consolidated entity holds shares in Australian listed entities of \$647,642 (2015 : \$165,733). These can be sold and added to the consolidated working capital when and as needed.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in this financial report. In such circumstances, a fundamental change in the basis of accounting would be required compared to the basis upon which these financial statements have been prepared. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not be able to continue as a going concern.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jervois Mining Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Jervois Mining Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

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

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.

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.

Note 2. Significant accounting policies (continued)

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other 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. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are 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 ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Property, plant and equipment

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 as follows:

Buildings	5-30 years
Motor vehicles	5 years
Office equipment	4-20 years
Plant and equipment	4-20 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 consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 2. Significant accounting policies (continued)

Exploration and evaluation assets

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. 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 value of 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual 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.

Fair value measurement

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.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of Jervois Mining Limited, 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 loss per share

Diluted loss per share adjusts the figures used in the determination of basic 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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but given that nature of the consolidated entity's financial instruments and the fact that all investments are already classified and measured at fair value through profit or loss the impact of its adoption not expected to be material.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but given the nature of the consolidated entity's revenues the impact of its adoption is not expected to be material.

Note 2. Significant accounting policies (continued)

AASB 16 Leases

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. All exploration assets are reviewed for impairment at each reporting period.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one reportable operating segment : mineral exploration and evaluation in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 5. Revenue

	Consolidated	
	2016	2015
	\$	\$
Interest	11,684	26,412
Rent	8,896	8,200
Other revenue	-	258
	<u>20,580</u>	<u>34,870</u>
Revenue		

Note 6. Other income

	Consolidated	
	2016	2015
	\$	\$
Net fair value gain on financial assets at fair value through profit and loss	<u>352,309</u>	<u>61,870</u>

Note 7. Expenses

	Consolidated	
	2016	2015
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<u>11,808</u>	<u>13,385</u>
<i>Impairment</i>		
Plant and equipment	<u>27,272</u>	<u>-</u>
Exploration and evaluation	<u>483,239</u>	<u>528,883</u>
Total impairment	<u>510,511</u>	<u>528,883</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>78,028</u>	<u>71,822</u>

Note 8. Income tax expense

	Consolidated	
	2016	2015
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(941,508)</u>	<u>(1,179,544)</u>
Tax at the statutory tax rate of 30%	<u>(282,452)</u>	<u>(353,863)</u>
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible items	<u>269,476</u>	<u>284,358</u>
	<u>(12,976)</u>	<u>(69,505)</u>
Current year tax losses not recognised	<u>12,976</u>	<u>69,505</u>
Income tax expense	<u>-</u>	<u>-</u>

Note 8. Income tax expense (continued)

	Consolidated	
	2016	2015
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	33,397,289	33,354,037
Potential tax benefit @ 30%	10,019,187	10,006,211

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2016	2015
	\$	\$
R&D tax offset receivable	379,041	722,172
Other receivables	-	20,000
BAS receivable	47,908	44,337
	<u>426,949</u>	<u>786,509</u>

The R&D tax offset has been recognised as a receivable in the current year because it has been lodged with the ATO and based on past experience there are reasonable grounds to expect that it will be received in full.

Note 10. Current assets - other

	Consolidated	
	2016	2015
	\$	\$
Prepayments	56,305	54,659

Note 11. Non-current assets - financial assets at fair value through profit or loss

	Consolidated	
	2016	2015
	\$	\$
Shares in Australian listed entities	647,642	165,733

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2016	2015
	\$	\$
Land and buildings - at cost	204,220	204,220
Less: Accumulated depreciation	(29,395)	(25,029)
	<u>174,825</u>	<u>179,191</u>
Plant and equipment - at cost	89,493	89,493
Less: Accumulated depreciation	(89,493)	(62,036)
	<u>-</u>	<u>27,457</u>
Motor vehicles - at cost	53,441	53,441
Less: Accumulated depreciation	(53,441)	(53,441)
	<u>-</u>	<u>-</u>
Office equipment - at cost	71,455	79,161
Less: Accumulated depreciation	(66,821)	(67,270)
	<u>4,634</u>	<u>11,891</u>
	<u><u>179,459</u></u>	<u><u>218,539</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land & buildings	Plant & equipment	Office equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2014	183,554	34,203	3,203	220,960
Additions	-	-	10,966	10,966
Depreciation expense	(4,363)	(6,746)	(2,278)	(13,387)
Balance at 30 June 2015	179,191	27,457	11,891	218,539
Impairment of assets	-	(25,436)	(1,836)	(27,272)
Depreciation expense	(4,366)	(2,021)	(5,421)	(11,808)
Balance at 30 June 2016	<u><u>174,825</u></u>	<u><u>-</u></u>	<u><u>4,634</u></u>	<u><u>179,459</u></u>

Note 13. Non-current assets - exploration and evaluation

	Consolidated	
	2016	2015
	\$	\$
Exploration and evaluation - at cost	<u><u>4,425,425</u></u>	<u><u>4,034,019</u></u>

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 13. Non-current assets - exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation \$	Total \$
Balance at 1 July 2014	5,048,891	5,048,891
Additions	747,131	747,131
Impairment of assets	(528,883)	(528,883)
R&D tax offset recognised	(1,233,120)	(1,233,120)
Balance at 30 June 2015	4,034,019	4,034,019
Additions	1,253,686	1,253,686
Impairment of assets	(483,239)	(483,239)
R&D tax offset recognised	(379,041)	(379,041)
Balance at 30 June 2016	<u>4,425,425</u>	<u>4,425,425</u>

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2016	2015
	\$	\$
Trade payables	74,601	80,760
Payroll related liabilities	13,802	6,469
Accrued expenses	15,000	25,000
	<u>103,403</u>	<u>112,229</u>

Refer to note 17 for further information on financial instruments.

Note 15. Equity - issued capital

	2016	2015	2016	2015
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>101,742,893</u>	<u>65,725,381</u>	<u>51,726,844</u>	<u>49,968,345</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2014	65,725,381		49,968,345
Balance	30 June 2015	65,725,381		49,968,345
Capital raising	26 August 2015	8,912,512	\$0.0500	445,625
Acquisition of exploration assets from Explaurum Ltd	6 November 2015	11,100,000	\$0.0550	610,500
Acquisition of exploration license E80/4820	6 November 2015	2,000,000	\$0.0500	100,000
Allotment of shortfall	23 November 2011	1,010,000	\$0.0500	50,500
Capital raising	19 May 2016	12,995,000	\$0.0500	649,720
Cost of capital raising		-	\$0.0000	(97,846)
Balance	30 June 2016	<u>101,742,893</u>		<u>51,726,844</u>

Note 15. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the 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.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2015 annual report.

Note 16. Equity - dividends

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

Note 17. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

Foreign currency risk involves the risk that the fair value or future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in foreign exchange rates. The consolidated entity operates primarily within Australia, and the consolidated entity is not exposed to material foreign exchange risk.

Price risk

The consolidated entity is exposed to price risk on its investments in other listed entities. The potential impact of which is summarised below:-

Note 17. Financial instruments (continued)

		Average price increase			Average price decrease	
		Effect on	Effect on		Effect on	Effect on
Consolidated - 2016	% change	profit before tax	equity	% change	profit before tax	equity
Shares in Australian listed entities	250%	<u>1,619,105</u>	<u>1,619,105</u>	66%	<u>(427,443)</u>	<u>(427,433)</u>
		Average price increase			Average price decrease	
		Effect on	Effect on		Effect on	Effect on
Consolidated - 2015	% change	profit before tax	equity	% change	profit before tax	equity
Shares in Australian listed entities	250%	<u>414,332</u>	<u>414,332</u>	66%	<u>(109,383)</u>	<u>(109,383)</u>

There has been significant volatility in relation to the shares held with a gain of \$352,309 recognised during the current financial year, representing an increase of approximately 250% for the year.

Interest rate risk

The consolidated entity is exposed to interest rate risk on its cash and cash equivalents. The potential impact of which is summarised below:-

		Basis points increase			Basis points decrease	
		Effect on	Effect on		Effect on	Effect on
Consolidated - 2016	Basis points change	profit before tax	equity	Basis points change	profit before tax	equity
Cash at bank	100	<u>6,522</u>	<u>6,522</u>	100	<u>(6,522)</u>	<u>(6,522)</u>
		Basis points increase			Basis points decrease	
		Effect on	Effect on		Effect on	Effect on
Consolidated - 2015	Basis points change	profit before tax	equity	Basis points change	profit before tax	equity
Cash at bank	100	<u>3,760</u>	<u>3,760</u>	100	<u>(3,760)</u>	<u>(3,760)</u>

Credit risk

The consolidated entity's receivables are made up of GST and R&D tax offset receivable from the Australian government, and for this reason the consolidated entity is not exposed to significant credit risk.

Liquidity risk

The group manages liquidity risk by maintaining adequate reserves and banking facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

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

Note 17. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	103,403	-	-	-	103,403
Employee benefits	-	29,993	-	-	-	29,993
Total non-derivatives		<u>133,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,396</u>

Consolidated - 2015	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	112,229	-	-	-	112,229
Employee benefits	-	74,335	-	-	-	74,335
Total non-derivatives		<u>186,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,564</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Shares in Australian listed entities	647,642	-	-	647,642
Total assets	<u>647,642</u>	<u>-</u>	<u>-</u>	<u>647,642</u>

Note 18. Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated - 2015				
<i>Assets</i>				
Shares in Australian listed entities	165,733	-	-	165,733
Total assets	165,733	-	-	165,733

There were no transfers between levels during the financial year.

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016	2015
	\$	\$
Short-term employee benefits	579,992	538,540
Post-employment benefits	5,277	4,801
	<u>585,269</u>	<u>543,341</u>

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by George Georgiou of Connect Audit, the auditor of the company:

	Consolidated	
	2016	2015
	\$	\$
<i>Audit services - George Georgiou of Connect Audit</i>		
Audit or review of the financial statements	<u>30,000</u>	<u>29,000</u>

Note 21. Contingent assets

(i) EMC Metal scandium production royalty

In February 2013 a settlement deed was signed to cover the sale of the Nyngan scandium deposit. As part of this settlement Jervois Mining Limited is entitled to a royalty on all mineral products produced from the site. The mine site is yet to go into production, and it is not at deemed probable at this point in time.

The royalty is the average price per kilogram of product sold on commercial and arm's length terms in a quarter multiplied by the number of kilograms sold or disposed of in that quarter and multiplied by 1.7%. In each twelve month period a minimum royalty is payable on the basis of sales in that 12 month period of 10 tonnes of scandium oxide at the average price per kilogram of scandium oxide sold during that 12 month period.

The royalty terminates 12 years after the date on the first sale on which the royalty is payable.

Note 21. Contingent assets (continued)

(ii) Bullabulling gold production royalty

In April 2010, a sale and purchase agreement was executed by Jervois Mining Limited ("Jervois"), Goldpride Pty Ltd ("Goldpride"), Auzex Resources Limited ("Auzex") and Central China Goldfields Plc ("Goldfields"). As part of this agreement, Jervois received a gold production royalty, calculated on the basis of \$30 per ounce for the first 400,000 ounces of gold produced and sold from the tenements Jervois and Goldpride sold to Auzex and Goldfields. Thereafter, the royalty will be \$20 per ounce. Any royalty received by Jervois and Goldpride is therefore contingent upon Auzex and Goldfield producing and selling any gold from those tenements Jervois and Goldpride sold to Auzex and Goldfields. It is not possible at this stage to estimate how much, if anything, Jervois and Goldpride are likely to receive from this royalty. Following the merger of Auzex and Goldfields, whereby each entity became a wholly owned subsidiary of Bullabulling Gold Limited (ASX code: BAB), BAB has now assumed responsibility for the gold production royalty that is potentially payable to Jervois and Goldpride. No receivable has therefore been recognised in these financial statements, given the uncertain outcome of this royalty. This royalty has no expiry, and at this point in time the mine has not gone into production and it not deemed probable that it will.

Note 22. Contingent liabilities

	Consolidated	
	2016	2015
	\$	\$
Bank guarantees	<u>107,000</u>	<u>37,000</u>

These guarantees form part of the terms and conditions of certain of the consolidated entity's exploration tenements and leased office premises. Provided the consolidated entity continues to comply with the relevant terms and conditions of its respective licenses and agreements, it is not envisaged that any of the parties who have been granted bank guarantees will seek to redeem them. All of the consolidated entity's bank guarantees are for indefinite terms, with no fixed expiry dates. No payable in relation to these bank guarantees has therefore, been recognised in these financial statements, due to the unlikely event of a claim.

Note 23. Commitments

	Consolidated	
	2016	2015
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>38,028</u>	<u>62,400</u>
<i>Exploration commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	10,435	178,600
One to five years	10,435	-
	<u>20,870</u>	<u>178,600</u>

The above commitments represent the consolidated entity's annual licence 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 as the consolidated entity makes a decision to farm-out, relinquish or sell all or part of a licence. The above amounts do not take into account any expenditure by the consolidated entity on its tenements since the end of each reporting period.

If needed, the consolidated entity's exploration and evaluation expenditure may be subject to renegotiation with the respective State mines departments, or with their approval may otherwise be avoided by either the sale, farm out or relinquishment of the consolidated entity's exploration tenements.

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 24. Related party transactions

Parent entity

Jervois Mining Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2016	2015
	\$	\$
Payment for goods and services:		
Purchases of mining and geological consulting services from Derek Foster & Associates Pty Ltd (Director related party of Derek Foster). These amounts in addition to the director's fees and expense reimbursements received.	77,876	87,998
Purchase of accounting and company secretarial services from Arbitrans Pty Ltd (Director related party to Roger Fairlam). These amounts in addition to the director's fees and expense reimbursements received.	167,561	140,000

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2016	2015
	\$	\$
Current payables:		
Derek Foster & Associates Pty Ltd (Director related party of Derek Foster)	43,890	20,176
Arbitrans Pty Ltd (Director related party to Roger Fairlam).	-	5,076

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016	2015
	\$	\$
Loss after income tax	(942,636)	(658,131)
Total comprehensive loss	(942,636)	(658,131)

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 25. Parent entity information (continued)

Statement of financial position

	Parent	
	2016	2015
	\$	\$
Total current assets	1,091,078	1,172,618
Total assets	7,477,929	6,715,233
Total current liabilities	133,396	186,564
Total liabilities	133,396	186,564
Equity		
Issued capital	51,726,844	49,968,345
Accumulated losses	(44,382,311)	(43,439,676)
Total equity	7,344,533	6,528,669

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Commitments

	Parent	
	2016	2015
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Lease commitments	59,078	241,000

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2016	2015
		%	%
Hardrock Exploration Pty Ltd	Australia	100.00%	100.00%
Goldpride Pty Ltd	Australia	100.00%	100.00%
Nico Young Pty Ltd	Australia	100.00%	100.00%

Note 27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Jervois Mining Limited
Notes to the financial statements
30 June 2016

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016	2015
	\$	\$
Loss after income tax expense for the year	(941,508)	(1,179,544)
Adjustments for:		
Depreciation and amortisation	11,808	13,385
Write off of property, plant and equipment	27,272	-
Impairment of exploration assets	483,239	528,883
Net fair value (gain) / loss on financial assets	(352,309)	(61,870)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,429	(39,094)
Increase in prepayments	(1,646)	(51,523)
Decrease in trade and other payables	(8,826)	(11,159)
Decrease in employee benefits	(44,342)	(78,922)
Net cash used in operating activities	<u>(819,883)</u>	<u>(879,844)</u>

Note 29. Earnings per share

	Consolidated	
	2016	2015
	\$	\$
Loss after income tax attributable to the owners of Jervois Mining Limited	<u>(941,508)</u>	<u>(1,179,544)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>83,890,999</u>	<u>65,725,381</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>83,890,999</u>	<u>65,725,381</u>
	Cents	Cents
Basic loss per share	(1.12)	(1.79)
Diluted loss per share	(1.12)	(1.79)

Jervois Mining Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Duncan Pursell

27 September 2016

Independent Auditor's Report

To the Members of Jervois Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Jervois Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company as set out on page 41.

Directors' Responsibility 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 the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

(a) the financial report of Jervois Mining Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in the basis of preparation.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 3 to 7 of the directors' report for the financial year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of Jervois Mining Limited for the financial year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates the existence of a material uncertainty which may cast a significant doubt on the company's ability to continue as a going concern and therefore, the company may be unable to realise their assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial report.

A handwritten signature in purple ink, appearing to read 'G. Georgiou'.

George Georgiou FCA

Registered Company Auditor

ASIC Registration: 10310

Melbourne, Victoria

Date: 27 September 2016

Jervois Mining Limited
Shareholder information
30 June 2016

The shareholder information set out below was applicable as at 7 September 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	148
1,001 to 5,000	230
5,001 to 10,000	132
10,001 to 100,000	816
100,001 and over	125
	<u>1,451</u>
Holding less than a marketable parcel	<u>489</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares % of total shares issued
Number held	
Auzex Exploration Ltd	11,100,000 10.91
327th P&C Nominees Pty Ltd	5,559,980 5.46
HSBC Custody Nominees (Australia) Ltd - Acc No 2	4,772,174 4.69
Wilmaka Pty Ltd	3,446,029 3.39
Permagold Pty Ltd (Seckold Family S/F)	2,754,000 2.71
Mr Duncan Campbell Pursell	2,472,459 2.43
Mr John Byrne and Mrs Maritza Byrne	2,445,336 2.40
Mr John Newton and Mrs Wanda Newton	2,445,330 2.40
Mrs Helen Ballantine Pursell	2,410,194 2.37
HSBC Custody Nominees (Australia) Ltd - GSCO ECA	2,300,000 2.26
Mrs Sonja Foster	2,013,373 1.98
Platypus Mineral Ltd	2,000,000 1.97
Mr Shane Fitch	1,875,000 1.84
Mr Robert Henry Masterman	1,571,013 1.54
National Nominees Limited	1,373,621 1.35
Pershing Australia Nominees Pty Ltd (GMP Account)	1,146,525 1.13
Mr Tareq Aldaoud	1,000,000 0.98
Ms Lois Beverley Dolphin & Mr Peter Graham Dolphin (Warringa Mg Ser Staff SF a/c)	1,000,000 0.98
Mr Liliana Teofilova	712,000 0.70
Altinova Nominees Pty Ltd	675,000 0.66
	<u>53,072,034 52.15</u>

Unquoted equity securities

There are no unquoted equity securities.

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Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares % of total shares issued
Auzex Exploration Limited	11,100,000	10.91
D C Pursell	9,607,879	9.44
R H Masterman	7,171,013	7.05

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

Tenements

Description	Tenement number	Interest owned %
Young (NSW)	EL 5527	100.00
Thuddungra (NSW)	EL 5571	100.00
Westlynn (NSW)	EL 6009	100.00
Summervale (NSW)	EL 7281	100.00
Syerston (NSW)	EL 7805	100.00
Kingsgate (NSW)	EL 8203	100.00
Glen Elgin (NSW)	ELA 2637	100.00
Nalbarra (WA)	E59 2121	100.00
West Arunta (WA)	E80 4820	100.00
Old Kharthoum (QLD)	EPM 14797	100.00
North Khartoum (QLD)	EPM 15570	100.00
Khartoum (QLD)	EPM 19112	100.00
Three Mile Creek (QLD)	EPM 19113	100.00
Carbonate Creek (QLD)	EPM 19114	100.00
Mt Fairyland (QLD)	EPM 19203	100.00
Fossilbrook (QLD)	EPM 14418	100.00