



A.B.N. 52 007 626 575

Suite 508, 737 Burwood Road, Hawthorn East, Victoria, 3123, Australia

27 July 2021 Australia

ASX / TSX-V: JRV

OTC: JRVMF

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Jervois to acquire Freeport Cobalt for US\$160 million

Highlights:

- Jervois to acquire 100% of Freeport Cobalt by purchasing all the shares of Freeport Cobalt Oy and four affiliated entities from Koblotti Chemicals Holdings Limited (“KCHL”)
- Long-term capacity sharing of world-class¹ cobalt refinery in Kokkola, Finland (operated by Umicore) via contractual rights to toll refine 6,250 mtpa cobalt at cost until 2093
- Acquisition includes a flexible, downstream advanced materials platform servicing a range of cobalt specialty product markets with longstanding customer relationships across Europe, the United States and Japan
- Creates a pathway to become the second largest producer of refined cobalt outside China²; consolidates Jervois’ strategy to become a leading nickel and cobalt company
- Jervois’ business is enhanced by adding a significant cash generating asset and diversifying across multiple products and value chain segments
- Base consideration of US\$160 million (including US\$75 million of net working capital):
 - Implies a c.7.6x 2020 EBITDA of US\$21 million (US\$15/lb cobalt price)³
 - Average 2018 to 2021 EBITDA of US\$38 million, including US\$83 million in 2018 due to significant EBITDA upside at higher cobalt prices³
- Jervois to raise A\$313 million via a fully underwritten Equity Raising to fund the Acquisition and ICO development
- Mercuria, one of the world’s largest independent energy and commodity traders with more than US\$120 billion annual turnover, will invest up to US\$40 million in Jervois’ equity raising; binding Memorandum of Understanding (MoU) signed to potentially support Jervois in a number of areas
- AustralianSuper to invest approximately A\$50 million in the equity raising, and to further sub-underwrite the entitlement offer for approximately A\$33 million
- Freeport-McMoRan and Lundin Mining (shareholders of KCHL) commit to support the equity raising and sub-underwrite the entitlement offer up to approximately A\$66 million
- Jervois Directors and Management will invest A\$3.5 million in the Equity Raising
- Acquisition is expected to close at the end of August 2021, subject to closing of a portion of the equity raising and other customary conditions

¹ Refers to the scale of operations as well as processes in place established by Umicore.

² Based on 6,250 mtpa capacity of Freeport Cobalt and c.2,250 mtpa capacity of SMP (Source: Market Review 2020 21, Darton Commodities).

³ EBITDA refers to pro forma, adjusted EBITDA for all periods. See Slide 33 of the investor presentation for information on the basis of preparation for the financial information.

Jervois Mining Limited (“**Jervois**” or the “**Company**”) (ASX: JRV) (TSX-V: JRV) (OTC: JRVMF) is pleased to announce it has agreed to acquire 100% of Freeport Cobalt by purchasing all the shares of Freeport Cobalt Oy and four affiliated entities from Koblitti Chemicals Holdings Limited (“**KCHL**”) (the “**Transaction**” or “**Acquisition**”) pursuant to a stock purchase agreement (the “**Stock Purchase Agreement**”).

The acquisition has the potential to transform Jervois into the second largest producer of refined cobalt outside China, building on existing assets of Jervois’ Idaho Cobalt Operations (“**ICO**”) in the United States, expected to come into production in mid-2022 and the São Miguel Paulista (“**SMP**”) nickel and cobalt refinery in São Paulo, Brazil which Jervois has agreed to acquire.

Freeport Cobalt is the Kokkola, Finland-based cobalt refining and specialty products business retained by Freeport-McMoRan (“**Freeport**”) and certain co-owners following the sale of certain refining and battery materials activities to Umicore in 2019. The Freeport Cobalt business consists of:

- a capacity sharing agreement with Umicore for the 15,000 mtpa cobalt refinery in Kokkola, Finland (which is operated by Umicore) under which Freeport Cobalt has contractual rights to toll refine 6,250 mtpa cobalt at cost until 2093;
- long-term contracts with leading global suppliers of cobalt hydroxide, consistent with commitment to best practice responsible sourcing framework; and
- a downstream cobalt products manufacturing facility with an established marketing platform and long-term global customer base servicing clients primarily across Europe, the United States and Japan.

The Acquisition is expected to transform Jervois into a global, vertically integrated cobalt and nickel company of scale, led by a highly experienced management team. Post-acquisition, Jervois will be diversified across multiple products and value chain segments with significant relevance to leading cobalt producers and end-users.

Jervois’ acquisition of Freeport Cobalt also provides the Company with an established global market platform from which to operate. The industrial logic and strategic rationale for the Acquisition is compelling, with value for Jervois shareholders expected to be created through technical and commercial synergies with ICO and SMP operations.

The purchase price for Freeport Cobalt is as follows:

- base consideration of US\$160 million (including US\$75 million of net working capital), subject to customary adjustments, to be paid in cash at closing of the Acquisition; and
- an additional cash payment of the working capital in Freeport Cobalt above US\$75 million, at the closing of the Acquisition; and

- contingent consideration of up to US\$40 million, payable in cash up to US\$10 million per year based on Freeport Cobalt’s financial performance from 2022 through 2026, and through a “catch up” amount based on Freeport Cobalt’s aggregate financial performance during that period⁴.

The Acquisition is expected to close at the end of August 2021 and is subject to the closing of a sufficient portion of the equity raising described below and other customary closing conditions. The definitive agreement governing the Acquisition includes a termination fee of US\$4.8 million payable by Jervois to KCHL if the Acquisition does not complete under certain circumstances.

Overview of Freeport Cobalt

Freeport Cobalt is an industry leading⁵ business that has produced cobalt products for key markets since 1968. It is strategically located in Kokkola Finland in a competitive industrial park, close to key markets. In 2019, the Freeport Cobalt business was split out from the refinery and battery materials operations which were sold to Umicore. Freeport Cobalt retained contractual rights to approximately 40% of the Kokkola refinery capacity and ownership of downstream advanced materials processing capabilities.

Freeport Cobalt sources its own cobalt feed materials from leading global suppliers and is committed to best practice responsible sourcing framework. It is the first cobalt chemical company to achieve Conformant Cobalt Downstream Facility status through the Responsible Minerals Initiative’s (“RMI”) Downstream Assessment Program (“DAP”).

The business has a flexible mix of mid- and long-term feed supply contracts in place (including 10-15% of annual supply through sustainable recycling loops with existing customers).

Freeport Cobalt has a comprehensive product portfolio of cobalt powders and cobalt-based inorganic salts and oxides. It manufactures products with the highest chemical purity and has the capabilities to customize products to meet customer’s specific requirements. These products are sold at premiums to cobalt metal price.

The business has sufficient downstream finished product capacity to potentially increase production to 11,000 mtpa cobalt contained in advanced manufactured products, provided

⁴ For each year in the period, the contingent consideration payable increases linearly from a payment of US\$0 million if Freeport Cobalt’s EBITDA equals US\$20 million or less to a payment of US\$10 million if Freeport Cobalt’s EBITDA equals more than the agreed target of US\$40 million. The “Catch up” amount is quantified as the difference between (a) the sum of all contingent amounts already payable and (b) the sum that would have been payable if Freeport Cobalt’s aggregate EBITDA over the period (2022 to 2026) were averaged out over the period. This remains subject to the overall maximum contingent consideration payment of US\$40m .

⁵ Based on products volumes and range.

additional refined sources are added to the 6,250 mtpa provided by the current toll refining agreement with Umicore.

Freeport Cobalt's sales and marketing team services blue chip customers across three major segments: chemicals / catalysts / ceramics, powder metallurgy and batteries materials. Freeport Cobalt has an established and mature customer base with many relationships having been in place for decades. Jervois's commercial team is excited to commence working with the marketing team at Freeport Cobalt to build and expand their presence for high value cobalt products in key Western markets.

Funding

To fund the Acquisition and ICO development, Jervois has entered an underwriting agreement (the "**Underwriting Agreement**") providing a fully-underwritten A\$313 million equity raising by issuance of new Jervois ordinary shares consisting of a ~A\$87m institutional placement (the "**Placement**") and a ~A\$226 million 1 for 1.56 accelerated pro-rata non-renounceable entitlement offer (the "**Entitlement Offer**" and, together with the Placement, the "**Equity Raising**").

Jervois announced the settlement of its subsidiary's offering of senior secured bonds on 22 July 2021. The bonds offering raised US\$100 million (priced with an annual coupon of 12.5% and an issue discount to par of 2%) which will be used to fund ICO development.⁶

Jervois' cash balance at 30 June 2021 was A\$33 million and will be used in part to fund the remainder.⁷

Equity Raising

The ~A\$313 million fully underwritten Equity Raising is comprised of a ~A\$87 million Placement and a ~A\$226 million Entitlement Offer. Approximately ~711 million new fully paid ordinary shares in Jervois ("**New Shares**") will be issued under the Equity Raising, equivalent to approximately ~89% of Jervois' current issued capital. New Shares issued under the Equity Raising will rank equally in all respects with Jervois' existing ordinary shares.

As part of the Equity Raising, Mercuria, one of the world's largest integrated energy and commodities companies with a US\$120 billion annual turnover, will acquire an equity position with an investment of up to US\$40 million. Mercuria and Jervois have agreed to

⁶ Refer to the ASX announcements dated 5 July 2021 and 22 July 2021 and the Freeport Cobalt investor presentation for details
⁷ After 30 June 2021 and prior to settlement of the bonds on 20 July 2021, A\$24 million was transferred to the Escrow Account and Debt Service Account held by Jervois Mining USA in accordance with the bond terms.

work together to advance their commercial footprint and leverage rising demand for nickel and cobalt products. Mercuria has indicated it stands ready to commit additional capital to support expansion of Jervois's activities across ICO, SMP, Freeport Cobalt and future growth initiatives. This partnership has been defined in a binding memorandum of understanding ("MoU").

The investment and partnership with Jervois is in line with Mercuria's larger corporate strategy to increase investments in the energy transition sector. Potential areas of cooperation include risk management services, tolling at SMP and / or Kokkola; cobalt hydroxide supply, inventory financing, freight and warehousing.

The Company's largest shareholder, AustralianSuper, has also entered into commitments to invest approximately A\$50 million, and to further sub-underwrite the Entitlement Offer for approximately A\$33 million. AustralianSuper has requested the right to appoint a director to the Board if it holds more than 15% of the enlarged capital of Jervois. This is currently under consideration by the Board.

Freeport and Lundin Mining through KCHL have also committed to support the Equity Raising and sub-underwrite the Entitlement Offer up to approximately A\$66 million. KCHL has warranted that it will not deal in any shortfall shares it picks up under the Retail Entitlement Offer until: a) if Jervois releases its next annual results prior to market open on ASX, then 10.00am on the ASX trading day after that date; or b) if Jervois releases its next annual results after market close on ASX, then 4.15pm on the ASX trading day after that. This is subject to certain exceptions, including transfers of any shortfall shares to the shareholders of KCHL (provided that the lockup representations are given by those holders).

Jervois is pleased to welcome Mercuria, Freeport and Lundin Mining through KCHL, and all new institutional investors from Europe, the United States, and the Asia Pacific including Australia to its share register.

Jervois Directors and Management will participate for approximately A\$3.5 million.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Jervois share for every 1.56 existing Jervois shares ("**Entitlement**") held as at 7:00pm (Sydney time) on Thursday, 29 July 2021.

All new Jervois shares offered under the Equity Raising will be issued at a fixed price of A\$0.44 per new Jervois share, which represents a:

- 13.6% discount to TERP⁸ (including placement) of A\$0.509; and

⁸ Theoretical ex rights price (TERP) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Jervois shares should trade immediately after the ex-date for the Entitlement

- 15.2% discount to TERP (excluding placement) of A\$0.519; and
- 22.8% discount to the last close price of A\$0.57 on Friday, 16 July 2021.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer (the "**Institutional Entitlement Offer**"), which is being conducted today, Tuesday, 27 July 2021 in Australia.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Eligible institutional shareholders who do not take up their Entitlement under the Entitlement Offer, in full or in part, will not receive any value in respect to those Entitlements not taken up. Institutional Entitlements cannot be traded on the ASX, TSXV, OTC or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new institutional investors and existing institutional shareholders concurrently with the Institutional Entitlement Offer and Placement.

Jervois' shares will recommence trading on the ASX on Wednesday, 28 July 2021 following closing of the Institutional Entitlement Offer and the Placement.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the retail component of the Entitlement Offer (the "**Retail Entitlement Offer**") at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Tuesday, 3 August 2021 in Australia and close at 5.00pm (Sydney time) on Wednesday, 25 August 2021.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Jervois expects to lodge with the ASX and dispatch to eligible retail shareholders on Tuesday, 3 August 2021. The retail offer booklet will also enclose personalised entitlement and acceptance forms.

Offer. TERP is a theoretical calculation only and the actual price at which Jervois shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Jervois' shares as traded on ASX on Monday, 26 July 2021, being the last trading day prior to the announcement of the Entitlement Offer.

Entitlements cannot be traded on the ASX, TSXV or OTC or transferred. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer, in full or in part, will not receive any value in respect to those Entitlements not taken up.

Event ⁹	Date in Australia
Announcement of Offer, Institutional Entitlement Offer and Placement opens	Tuesday, 27 July 2021
Institutional Entitlement Offer and Placement closes	Tuesday, 27 July 2021
Announcement of results of Institutional Entitlement Offer and Placement Suspension is lifted and trading resumes on an “ex-entitlement” basis	Wednesday, 28 July 2021
Record date for the Entitlement Offer (7:00pm Sydney time)	Thursday, 29 July 2021
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet dispatched	Tuesday, 3 August 2021
Settlement of New Shares issued under the Institutional Entitlement Offer and the Placement	Wednesday, 4 August 2021
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement	Thursday, 5 August 2021
Retail Entitlement Offer closes (5:00pm Sydney time)	Wednesday, 25 August 2021
Announcement of results of Retail Entitlement Offer	Monday, 30 August 2021
Settlement of Retail Entitlement Offer	Tuesday, 31 August 2021
Allotment of New Shares issued under the Retail Entitlement Offer	Wednesday, 1 September 2021
Normal trading of New Shares issued under the Retail Entitlement Offer	Thursday, 2 September 2021
Commencement of trading and holding statements dispatched for Retail Entitlement Offer	Thursday, 2 September 2021

All dates and times are indicative only and subject to change.

⁹ Note that securities acquired by Canadian residents will be subject to a customary 4 months hold period pursuant to applicable Canadian provincial securities laws

Additional Information

Further details of the Acquisition and the Equity Raising are set out in the Investor Presentation also released to the ASX today and expected to be filed by the Company shortly on SEDAR, together with a copy of the Stock Purchase Agreement and the Underwriting Agreement. The Investor Presentation contains important information including disclaimers, key risks and foreign selling restrictions with respect to the Equity Raising and the Acquisition.

UBS is acting as an M&A adviser to Jervois in relation to the Acquisition and will receive fees in that capacity. Jervois has also received financial advice from Magma Capital.

This announcement has been approved for release by the Board of Directors of Jervois.

For further information, please contact:

Investors and analysts:

James May
Chief Financial Officer
Jervois
jmay@jervoismining.com.au

Media:

Nathan Ryan
NWR Communications
nathan.ryan@nwrcommunications.com.au
Mob: +61 420 582 887

Forward-Looking Statements

This news release may contain certain "Forward-Looking Statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. When used in this news release, the words "anticipate", "believe", "estimate", "expect", "target", "plan", "forecast", "may", "schedule", "expected" and other similar words or expressions identify forward-looking statements or information. These forward-looking statements or information may relate to timing and effects of closing the contemplated acquisition of Freeport Cobalt, future supply contracts, future sales contracts, and certain other factors or information. Such statements represent Jervois' current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by Jervois, are inherently subject to significant business, economic, competitive, political and social risks, contingencies and uncertainties. Many factors, both known and unknown, could cause results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements. Among the risks and uncertainties that could cause actual results, performance or achievements to differ from those expressed or implied by such forward-looking statements are: (1) the satisfaction or waiver of the conditions precedent to the consummation of the contemplated acquisition, including the closing of US\$200m of Jervois financing; (2) the occurrence of any event, change or other circumstance that could give rise to the termination of the definitive purchase agreement; (3) unanticipated difficulties or expenditures relating to, of the failure to realize the benefits of, the contemplated acquisition; (4) legal proceedings, judgments or settlements in connection with the contemplated acquisition; (5) disruptions of current plans and operations caused by the announcement and pendency of the contemplated acquisition; and (6) the response of employees, customers, suppliers, business partners and regulators to the announcement of the contemplated acquisition. Jervois does not intend, and

does not assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements and information other than as required by applicable laws, rules and regulations.

Not for distribution or release in the United States

*This announcement has been prepared for publication in Australia and may not be distributed or released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such a person is acting for the account or benefit of a person in the United States). The New Shares described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable US state securities laws.*

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.