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ASX:JRV

TSX:ECS

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## **Jervois Mining and eCobalt To Combine**

### ***New Jervois (inclusive of M2 Cobalt) to transform into global industry leader***

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#### **HIGHLIGHTS**

- **Friendly combination leading to enlarged company with greater scale, liquidity and diversification with re-rating potential**
- **New Jervois (including previously announced merger with M2 Cobalt) to have Australian, East Africa and US project pipeline that includes the Idaho Cobalt Project, the highest combination of cobalt grade and scale in the United States**
- **Increased capital markets exposure through listings in Australia and Canada, greater institutional following and research coverage**
- **15.9% of eCobalt's outstanding shares are committed to vote in favor of the Transaction, comprised of 11.4% of eCobalt shares under voting and support agreements and Jervois' 4.5% of eCobalt's shares**

Jervois Mining Limited (ASX: JRV) ("Jervois") and eCobalt Solutions Inc. (TSX:ECS) ("eCobalt") are pleased to announce that they have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which the companies will combine (the "Transaction"). The Transaction will be completed by way of a Plan of Arrangement under the Business Corporations Act (British Columbia) (the "Arrangement") whereby Jervois will acquire all of the issued and outstanding common shares of eCobalt that Jervois does not already own. Jervois currently owns 7,249,800 common shares in the capital of eCobalt, constituting approximately 4.5% of the outstanding common shares of eCobalt on an undiluted basis.

On January 22, 2019, Jervois announced that it would complete an at-market merger with M2 Cobalt Corp. ("M2 Cobalt") by acquiring all of the shares of M2 Cobalt by way of a Plan of Arrangement (the "M2 Cobalt Merger"). Approximately 50% of M2 Cobalt's outstanding shares have signed customary voting agreements in support of the M2 Cobalt Merger and Jervois shareholder approval is not required. The M2 Cobalt Merger will proceed as previously announced and is expected to be

completed in advance of the completion of the Transaction. The M2 Cobalt Merger and the eCobalt Transaction are separate, unrelated mergers.

## Transaction Highlights

- Enhanced geographic and asset diversification by combining development-stage Nico Young and Idaho Cobalt Project (“ICP”) assets in Australia and the United States, respectively, with assets in Africa from previously announced M2 Cobalt Merger
- Post-Transaction and closing of the M2 Cobalt Merger, the Board of Directors of the pro forma company (“New Jervois”) will consist of three nominees from Jervois and two nominees from eCobalt
- Existing Jervois Chairman, Mr Peter Johnston, and Chief Executive Officer, Mr Bryce Crocker, will continue in their existing roles in New Jervois
- Primary listing on the Australian Stock Exchange (“ASX”) and will seek a listing on the TSX Venture Exchange (“TSXV”); will provide access to the Australian and North American mining capital markets

Under the Arrangement, each common share of eCobalt will be exchanged for 1.65 common shares of Jervois (the “Exchange Ratio”). This represents an implied offer price of C\$0.36 per eCobalt share based on the closing price of Jervois’ common shares on the ASX on March 29, 2019. After closing of the Transaction, eCobalt stock options and warrants will provide that upon exercise the holders will receive Jervois shares. To increase eCobalt’s cash position, eCobalt has entered into a binding term sheet pursuant to which Dundee Resources Limited (“Dundee”) has agreed to subscribe for approximately 6.3 million units for aggregate gross proceeds to eCobalt of approximately C\$2 million (the “Dundee Placement”). Each unit is comprised of one common share of eCobalt and one common share purchase warrant. The Dundee Placement is conditional on eCobalt obtaining TSX approval.

The Transaction will result in the issue of approximately 262.4 million new Jervois common shares and, if all eCobalt options and warrants were to be exercised, a further 47.0 million new Jervois common shares. Upon completion of the Transaction and after taking into effect the Dundee Placement, pro forma basic ownership of the combined company will be approximately 40% outstanding Jervois shares, and 47% eCobalt outstanding shares (M2 Cobalt will retain 11% of the pro forma ownership)<sup>1</sup>. No person is expected to acquire a relevant interest of greater than 20% in New Jervois as a result of the shares being issued at completion of the Transaction.

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<sup>1</sup> To demonstrate support for Jervois moving forward, certain advisors to the Transaction have elected to receive some of their compensation in equity. This will result in ~9.6 million shares (or ~2% of pro forma ownership).

eCobalt is an advanced-stage development company with its flagship asset being the 100% owned Idaho Cobalt Project located near Salmon in Idaho, United States. The ICP is fully environmentally permitted, C\$135 million has been spent to date on the project and has the largest NI 43-101 compliant cobalt resource in the United States, with 45.7 MMlbs Co @ 0.59% Co in the Measured and Indicated resource categories (19.9 MMlbs Co @ 0.66% Co in the Measured category and 25.8 MMlbs Co @ 0.54% Co in the Indicated category)<sup>2</sup>. A new Feasibility Study is underway to contemplate an increased throughput rate from the 800 tons per day in the previous Feasibility Study<sup>3</sup>.

Jervois' current flagship asset is the Nico Young cobalt-nickel deposit, located in New South Wales, Australia. Jervois is close to finalizing a Pre-Feasibility Study on a heap leach facility, based on a JORC compliant Inferred Mineral Resource of 167.8Mt @ 0.59% Ni and 0.06% Co<sup>4</sup>. After construction, the facility will be one of Australia's largest cobalt-nickel operations, and heap leach represents a flowsheet with lower technical risk at reduced capital intensity compared with alternatives pursued by Jervois' ASX-listed peers.

Jervois is in discussions with investment and off-take partners for Nico Young. Jervois' team, made up of former Xstrata/Glencore executives, has deep experience in constructing and commissioning similar operations to Nico Young.

Jervois has applied for a prospecting license over the Kabanga Nickel Project in Tanzania and considers the entry into Uganda through the M2 Cobalt Merger to complement its East African regional ambitions. Jervois is also in discussions with the Government of Uganda regarding a potential restart of operations at the old Falconbridge mine, Kilembe, and the Kasese Cobalt Refinery Limited, an associated cobalt refinery.

As of March 31, 2019, Jervois (including M2 Cobalt) had a cash and cash equivalent balance (including its Cobalt27 Capital Corp. shareholding and excluding its existing investment in eCobalt shares) of approximately A\$7.9 million. On March 30, 2019, Jervois accepted an offer from Franco-Nevada to purchase the remainder of Jervois' non-core royalty portfolio for A\$3.6 million in cash (subject to certain closing conditions) (the "Royalty Sale"). The Royalty Sale is subject to negotiating a definitive agreement and obtaining certain third party consents. Adjusting for the Royalty Sale, Jervois' pro forma cash and cash equivalent balance would be approximately A\$11.5 million.

<sup>2</sup> Refer to eCobalt Press Release 7 February 2018.

<sup>3</sup> Refer to eCobalt Press Release 10 November 2017.

<sup>4</sup> Refer to ASX Announcement 22 November 2017.

As of March 31, 2019, eCobalt had a cash and cash equivalent balance of approximately A\$3.0 million. Adjusting for the Dundee Placement, eCobalt's cash and cash equivalent balance is approximately A\$5.1 million.

The pro forma New Jervois indicative cash and cash equivalent balance is expected to be approximately A\$16.5 million. Against the backdrop of challenging cobalt and battery raw material markets, this provides a strong platform to move forward all of New Jervois's expanded portfolio of assets (as a result of the Transaction and M2 Cobalt Merger, New Jervois' assets estimated to increase threefold).

## **Transaction Summary**

The proposed business combination will be effected by way of a Plan of Arrangement completed under the *Business Corporations Act* (British Columbia). The Arrangement will be subject to the approval of at least 66 2/3% of the votes cast by eCobalt shareholders present in person or represented by proxy at a special meeting of eCobalt shareholders expected to take place in Q3, 2019. In addition to the eCobalt shareholder approval, the Arrangement is also subject to the Jervois shareholder approval described in the next paragraph and receipt of certain regulatory, court and stock exchange approvals, as well as shares of Jervois being conditionally accepted for listing on the TSXV, and other closing conditions customary in transactions of this nature. Jervois may terminate the Arrangement if the Dundee Placement has not been completed by April 30, 2019.

Jervois will seek shareholder approval for the purposes of Listing Rule 7.1 for the issue of the shares pursuant to the Transaction. The ASX has confirmed based solely on information provided to it by Jervois, that Jervois will not be required to meet the requirements of Chapters 1 and 2 of the Listing Rules for the purposes of Listing Rule 11.1.3. In addition, Jervois will apply for a listing on the TSXV. As a result of the Transaction, assuming completion occurs in early Q3-2019, expenditure across 2019 by Jervois is expected to increase by approximately A\$1.75 million, primarily related to the ongoing work at the Idaho Cobalt Project.

Following completion of the Transaction, the Board of Directors of New Jervois will consist of three members from Jervois and two members from eCobalt. Existing Jervois Chairman, Mr Peter Johnston, and Chief Executive Officer, Mr Bryce Crocker, will continue in their existing roles.

The Arrangement Agreement has been unanimously approved by the Board of Directors of both Jervois and eCobalt.



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The Directors and executive officers of eCobalt along with Dundee, holding in the aggregate 11.4% of the outstanding eCobalt shares, have each entered into customary voting and support agreements in favour of the Arrangement. Holders of 39.3% of Jervois' shares have provided Jervois with notice of their intention to support the Transaction.

The Arrangement Agreement provides for customary deal-protection provisions, including non-solicitation covenants on the part of eCobalt and a right for Jervois to match any superior proposal. The Arrangement Agreement also provides for customary, reciprocal break fees if the Arrangement Agreement is terminated in certain circumstances.

Further information regarding the Arrangement will be contained in a management information circular that eCobalt will prepare, file and mail to the eCobalt shareholders and the notice of meeting and explanatory statement that Jervois will prepare and mail to the Jervois shareholders in connection with the special meeting of the respective companies to be held to consider the Arrangement. It is anticipated that these meeting materials will be sent to shareholders immediately after the completion of the M2 Cobalt Merger and the meetings to be held in or about August 2019. All shareholders are urged to read the information circular and notice of meeting once available, as it will contain additional important information concerning the Arrangement. A copy of the Arrangement Agreement will be posted under eCobalt's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Advisors and Counsel**

Cormark Securities Inc. is acting as exclusive financial advisor to Jervois with Ken Klassen and Dentons LLP as legal counsel.

Maxit Capital LP and TD Securities Inc. are acting as financial advisors to eCobalt with Pilot Law LLP as legal counsel. The Board of Directors of eCobalt has received an opinion from TD Securities Inc. to the effect that subject to the limitations, qualifications and assumptions set forth in such opinion, as at March 31, 2019, the consideration to be received by eCobalt shareholders under the Arrangement is fair, from a financial point of view, to the shareholders of eCobalt, other than Jervois, Dundee and their respective affiliates.

### **Qualifying Statements**

#### **Competent Person's Statement**

The information in this release that relates to Mineral Resources is based on information compiled by David Selfe who is a full-time employee of Jervois and a Member of the Australasian Institute of

Mining and Metallurgy. David Selfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Selfe consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

The technical content of this news release, as it relates to eCobalt, has been reviewed and approved by Darby Stacey, the Process Manager of eCobalt and a qualified person as defined by National Instrument 43-101.

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**About Jervois**

Jervois Mining has been listed on the Australian Securities Exchange (ASX) under the ticker JRV for more than 50 years. In late 2017, Jervois completed a board and management transformation, with a new focus on the growing battery metals market. Jervois' core project is the 100%-owned Nico Young nickel-cobalt laterite deposit in New South Wales, Australia.

Jervois Mining is focused on moving its Nico Young Cobalt-Nickel Project into production with the company close to finalising a pre-feasibility study (PFS). Jervois is planning a lower capex and technical risk heap leach operation.

**About eCobalt**



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eCobalt is an advanced-stage development company with near-term primary cobalt production. Our Idaho Cobalt Project ("ICP") is located in the historic Idaho Cobalt Belt, near the town of Salmon in east-central Idaho. Further information on eCobalt and its projects can be found at [www.ecobalt.com](http://www.ecobalt.com).

### **Cautionary Note Regarding Forward-Looking Statements**

This news release contains forward-looking statements, which relate to future events or future performance and reflect management's current expectations and assumptions. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to Jervois and eCobalt. Forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "anticipate", "intend", "plan", "will", "would", "estimate", "expect", "believe", "target", "indicative", "preliminary", or "potential". All statements, other than statements of historical fact, included herein including, without limitation, statements or information about the completion of the Transaction, the M2 Cobalt Merger, the Dundee Placement, and the Royalty Sale, the anticipated benefits from the Transaction, the M2 Cobalt Merger, the Dundee Placement, and the Royalty Sale, the consideration to be paid, the receipt of required regulatory approvals and satisfaction of other customary closing conditions, the secondary listing of Jervois common shares on the TSXV, the timing for the special meetings of eCobalt shareholders and Jervois shareholders, the timing for closing of the Transaction, the M2 Cobalt Merger, the Dundee Placement, and the Royalty Sale, and expectations regarding future exploration, licensing, development, growth and potential of Jervois' and eCobalt's operations, projects and investments, are forward looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risk factors include, among others: risks associated with the business of Jervois and eCobalt; risks related to the satisfaction or waiver of certain conditions contemplated by the Arrangement Agreement; risks related to reliance on technical information provided by Jervois and eCobalt; risks relating to exploration and potential development of Jervois' and eCobalt's projects; business and economic conditions in the mining industry generally; the supply and demand for labour and other project inputs; prices for commodities to be produced and changes in commodity prices; changes in interest and currency exchange rates; risks relating to inaccurate geological and engineering assumptions (including with respect to the tonnage, grade and recoverability of mineral resources); risks relating to unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and



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environmental matters); risks relating to adverse weather conditions; political risk and social unrest; changes in general economic conditions or conditions in the financial markets; and other risk factors as detailed from time to time and the additional risks identified in Jervois' and eCobalt's filings with Canadian securities regulators on SEDAR in Canada (available at [www.sedar.com](http://www.sedar.com)) and with the Australian Securities Exchange in Australia (available at [www.asx.com.au](http://www.asx.com.au)). These forward-looking statements are made as of the date hereof and, except as required under applicable securities legislation, Jervois and eCobalt do not assume any obligation to update or revise them to reflect new events or circumstances.

On behalf of the Board of Directors of Jervois,  
"Bryce Crocker"  
Bryce Crocker, CEO and Director

On behalf of the Board of Directors of eCobalt,  
"Michael Callahan"  
Michael Callahan, CEO and Director

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