



A.B.N. 52 007 626 575

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

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ASX / TSX-V: JRV

OTC: JRVMF

Jervois secures US\$100 million bond offering to fund Idaho Cobalt Operations

Highlights:

- Jervois has successfully priced and closed the books on its subsidiary's offering of senior secured bonds to raise US\$100 million, guaranteed by Jervois
- Proceeds from the bond issue will be used to fund construction of Jervois' Idaho Cobalt Operations ("ICO") in the United States ("U.S.") and bring it into production
- Jervois expects to commence commercial concentrate production at ICO from mid-2022
- The bond issue is repayable in mid-2026 and preserves commercial flexibility through ICO construction by not obliging Jervois to irrevocably commit cobalt supply early
- Jervois continues to advance funding support discussions with the U.S. Government

Jervois Mining Limited ("Jervois" or the "Company") (ASX: JRV) (TSX-V: JRV) (OTC: JRVMF) announces it has priced and closed the books on its subsidiary's offering (the "Bond Offering") of senior secured bonds in the aggregate principal amount of US\$100 million, guaranteed by Jervois (the "Bonds"). Clarkson Platou Securities AS ("Clarksons") acted as managers for the Nordic-style Bond Offering, launched as a private placement seeking proceeds of US\$80 -100 million. The bonds were priced with an annual coupon of 12.5% and an issue discount to par of 2%.

Commercial Flexibility Preserved

Jervois is not required to enter into any external off-take agreements for Idaho Cobalt Operations ("ICO") concentrates, except in certain limited circumstances at a later date, under the Bond Terms (as defined below). The Company will continue with plans to process the concentrates at the São Miguel Paulista ("SMP") refinery, subject to Jervois completing its SMP acquisition and successfully restarting the refinery in stages during 2022 and 2023. Jervois' commercial team plans to sell refined cobalt products from SMP to key customers across the U.S., and potentially Europe, Japan and South Korea. This sales strategy is expected to maximise value for shareholders versus committing to an early sale of significant volumes of ICO cobalt concentrates in external off-take agreements. The



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Company continues discussions with concentrate customers and for commercial reasons may elect to place limited volume of concentrate externally. The cobalt circuit at SMP is expected to be restarted in 2022 on cobalt hydroxide feedstock, the same material as was previously purchased and refined by the facility.

Customer interest in ICO cobalt in a refined form from SMP is high, reflecting its uniqueness as the only cobalt mined in the U.S. at a time of an increasing focus on ESG standards and security of supply chain risk for critical minerals from geopolitical influences.

U.S. Government Support Discussions Ongoing

The Biden Administration has completed a comprehensive review of vulnerabilities in U.S. critical minerals supply chains, including cobalt, and is preparing to advance a series measures to close these gaps.

Jervois has had positive conversations with the U.S. Government prior to this comprehensive review about the importance of a U.S. domestic source of cobalt and ICO's financing requirements. Jervois will continue to advance these discussions on appropriate forms of funding support for ICO and/or Jervois as the policy prescriptions stemming from the review are reflected in the priorities of U.S. Government funding agencies. Jervois may pursue financing options for ICO and/or other parts of its business with the U.S. Government that can either be implemented in addition to the Bonds, be made available prior to Bond drawdown, or to refinance all or part of the Bonds, in each case in accordance with the Bond Terms. Jervois does not expect to update the market on these financing options unless a definitive agreement is reached.

Description of the Bonds

The Bonds are U.S. dollar denominated with a five-year term, unless repurchased or redeemed, and bear interest at 12.5% per annum, payable semi-annually in arrears.

The Bonds will be senior debt of Jervois Mining USA Limited (the "**Issuer**"), an indirect wholly-owned U.S. subsidiary of Jervois and owner of ICO, and will be guaranteed by Jervois. The Bonds will be secured on a first priority basis by (i) a share pledge over all the shares of the Issuer, (ii) a pledge over all loans by and between any of the Issuer, Jervois and/or Jervois' direct wholly-owned U.S. subsidiary which owns all the shares of the Issuer, and (iii) security over all material assets (tangible and intangible) of the Issuer, such as the Escrow Account (defined below), among other things.



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Net proceeds from the Bond Offering will, upon disbursement to the Issuer from the Escrow Account, be used for the payment of capital expenditures, operating costs and other costs associated with the construction of ICO and bringing it into production. First production from ICO continues to be expected from mid-2022.

The issue date of the Bond Offering is expected to occur on or about 20 July 2021 (the “**Issue Date**”). Upon satisfaction of certain conditions precedent customary for these types of transactions, the net proceeds of the Bond Offering will be placed into a US dollar denominated escrow account of the Issuer (the “**Escrow Account**”). These conditions precedent include, without limitation, funding of the Escrow Account by the Issuer such that upon deposit in the Escrow Account of the net proceeds of the Bond Offering, the aggregate sum held on deposit therein (the “**Bond Funds**”) will equal 101% of the aggregate principal amount of the Bonds. Additional provisions of the Bonds are set out on the attached Schedule A.

The first of two (2) drawdowns of 50% of the Bonds Funds from the Escrow Account is anticipated in Q4 2021, following satisfaction of the conditions precedent to Withdrawal from Escrow Account described in the attached Schedule A and completion of stage 1 of the Ausenco-led bankable feasibility study (“**BFS**”) for a restart of the SMP refinery in Brazil, which is expected in late Q3 2021.

The Bonds are debt instruments only, with no attached equity warrants or equity conversion features.

The full text of the terms and conditions of the Bonds (the “**Bond Terms**”) will be filed and available on Jervois’ corporate profile on SEDAR at www.sedar.com following the Issue Date and readers are urged to refer to the full text of the Bond Terms for all of the terms and conditions of the Bonds.

Jervois’ financial advisor in relation to the Bonds was Magma Capital Advisory.

The Issuer intends to apply to list the Bonds on the Nordic Alternative Bond Market (ABM).

On behalf of Jervois

Bryce Crocker, CEO

Jervois

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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

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SCHEDULE A – Key Provisions of the Senior Secured Bonds

Issuer	Jervois Mining USA Limited
Guarantors	Jervois Mining Limited (ASX: JRV, the “Jervois”) and Formation Holdings US, Inc. (the “Intermediary Subsidiary”)
Issue Amount	US\$100 million
Original Issue Discount	2.0%
Use of Proceeds	Net proceeds from Bonds to be placed in Escrow Account until drawdown and thereafter be applied towards capital and operating expenditures associated with development of ICO
Interest Rate	12.5% per annum, semi-annual interest payments
Amortization	Bullet
Tenor	5 years
Call Options	Non-callable for 3 years. Thereafter callable at par plus 62.5% of coupon, declining ratably to par in year 5
Transaction Security	1st priority security over all material assets of the Issuer, pledge of all the shares of the Issuer, intercompany loans
Financial Covenants	Minimum Issuer Liquidity of no less than US\$5 million Minimum Group Liquidity of no less than 10% of Total Debt Minimum Book Equity Ratio of no less than 35%
Withdrawal from the Escrow Account	Two (2) withdrawals from the Escrow Account, each ½ the Issue Amount. Such withdrawals are subject to certain conditions, including i) the US\$35 million Project Equity Contribution having been spent towards the ICO Project, ii) Jervois has raised Additional Equity of at least US\$50 million, iii) satisfactory countersigned Cost-to-Complete Test certificates and iv) Certain Project Documents being in place and other conditions precedents fulfilled
Undertakings / Covenants	Includes inter alia specific restrictions and undertakings related to operations, investments, insurances, mergers/de-mergers, ownership of Issuer/Intermediary Subsidiary, disposal of assets, Financial Indebtedness, Security and Financial Support; No Distributions by Jervois Distributions by the Issuer permitted after the date falling 1 year after Project Completion and subject to pro-forma minimum cash thresholds General undertakings and covenants common in the Nordic high yield market
Change-of-Control	Each Bondholder has right to put the Bonds at 101% upon a change in control of the Issuer
Documentation / Trustee / Law	Nordic Trustee template / Nordic Trustee / Norwegian