

Jervois

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Jervois pivots Kokkola refinery expansion BFS to United States

Highlights:

- Jervois to undertake a Bankable Feasibility Study (“BFS”) for a cobalt refinery located in the United States (“U.S.”)
- Funding for the BFS advised to be available from the United States (“U.S.”) Department of Defense (“DOD”) under the Defense Production Act Title III programme (refer Jervois announcement of 29 March 2023)
- The BFS will be based on the flowsheet, engineering, environmental assessment and other BFS sections already developed by Jervois Finland and AFRY Finland Oy (“AFRY”) for the expansion in capacity of Jervois’ Kokkola operations by 6,000 metric tonnes per annum of refined cobalt in sulphate
- Jervois will continue the BFS activities based on situating a 6,000 metric tonne per annum cobalt refinery in the U.S.; product to be exclusively sulphate to focus on demand growth in electric vehicles from American automakers
- Funding discussions for potential development of both a U.S. cobalt refinery and a Finnish refinery expansion are advancing with governments and industry partners, including automakers
- Cobalt refinery capacity in both the U.S. and Europe, along with planned restart of São Miguel Paulista refinery in Brazil, will consolidate Jervois’s status as a globally significant supplier of advanced cobalt products, with leading ESG credentials

Jervois Global Limited (“Jervois” or the “Company”) (ASX: JRV) (TSX-V: JRV) (OTC: JRVMF) advises its Bankable Feasibility Study (“BFS”) for a proposed refinery expansion at the Kokkola Industrial Park (“KIP”) in Finland will be redirected to be a study for a greenfield cobalt refinery in the United States (“U.S.”); the BFS is now expected be completed based on this new location.

Jervois Finland technical team and engineering and consulting company AFRY Finland Oy (“AFRY”) have designed a BFS flowsheet for an initial refinery capacity of 6,000 metric tonnes per annum of contained cobalt in sulphate, the physical form required for the battery industry, including electric vehicles (“EVs”).

AFRY will continue to provide specialist refinery expertise and leadership from Finland, but with the BFS to be run out of AFRY USA LLC. Jervois USA’s team in Salmon, Idaho, will also provide specialist support for the U.S. BFS across key areas such as environment and permitting, logistics, utilities and construction readiness. Jervois Finland, a leading supplier of high quality cobalt products and with 50 years of experience in cobalt refining and advanced manufacturing at Kokkola, will continue to provide stewardship of the BFS.

The U.S. Inflation Reduction Act of 2022 (“IRA”) is a landmark piece of federal legislation designed to incentivize domestic energy production, promote clean energy and support a U.S. transition away from fossil fuels, including for transportation. The legislation provides for more than US\$390 billion to support U.S. climate and clean energy policies. A key focus of the legislation is to increase domestic extraction and processing rates of key battery materials and critical minerals including cobalt.

The IRA is designed to stimulate U.S. domestic cobalt refining and recycling activities. Jervois’s future U.S. cobalt refinery is expected to benefit from, inter alia, a 10 percent operating cost credit for the duration of its operating life. Despite initial steps by Europe through its recent 2023 European Union Critical Raw Materials Act and Net Zero Industry Act, this represents a material competitive advantage over facilities not located in the U.S.. In addition, Jervois is encouraged by discussions with the U.S. Department of Energy (“DOE”) regarding various loan and grant programmes that are expected to be available to support refinery construction.

As previously advised, Jervois continues to work through the final documentary steps to formalise a U.S. Department of Defense (“DOD”) intention to award US\$15 million under the Defense Production Act (“DPA”) Title III program. This grant is expected to fully fund the U.S. cobalt refinery BFS, in addition to the proposed drilling programme at ICO. Should Finland and/or the European Union provide meaningful financial support and incentives similar to that of the U.S. in future, the Kokkola expansion BFS can be reinitiated by Jervois Finland and AFRY. Based on customer (automaker and/or OEM) engagement, Jervois has visibility on future cobalt demand requirements in the U.S. and Europe that is expected to be able to support construction and commissioning of both facilities.

Negotiations with automakers in both the U.S. and Europe continue to advance, and Jervois expects to finalise initial long-term cobalt sulphate contracts from Jervois Finland existing production capacity in both jurisdictions during 2023. Current Jervois Finland cobalt sulphate sales into the battery sector, primarily long standing relationships in Japan, are sold on either annual or short term contracts. Jervois expects refinery expansions in either the U.S. or Europe will be funded by third parties, via a combination of government and or customer support.

About AFRY

AFRY is a Swedish-Finnish industry leader in engineering, design, and advisory services, with a global reach. AFRY was founded in Sweden and consolidated its Finnish operating footprint and nickel / cobalt processing expertise, via merging with Pöyry PLC in 2019.

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