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ASX:JRV

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## **Jervois Mining and M2 Cobalt to merge to create industry leader**

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### **HIGHLIGHTS**

- **Friendly at-market merger leading to enlarged company with greater scale, liquidity and diversification with significant re-rating potential**
- **Jervois to enter North American capital markets via TSX Venture Exchange listing**
- **M2 Cobalt provides an existing operational platform and presence in Uganda in assessing opportunities related to restarts at the Kilembe Copper-Cobalt Mine (“Kilembe”) and Kasese Cobalt refinery**
- **Significant exploration potential along strike of historic Kilembe mine in both directions on licenses controlled by M2 Cobalt; drill ready targets at the Bujagali prospects in central Uganda that will be immediately funded by a convertible loan from Jervois**

Jervois Mining Limited (ASX: JRV) (“Jervois”) and M2 Cobalt Corp. (TSXV:MC) (“M2 Cobalt”) are pleased to announce that they have entered into a definitive agreement (the “Arrangement Agreement”) pursuant to which the companies will merge in an at-market transaction (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 M2 Cobalt.

### **Transaction Highlights**

- M2 Cobalt’s existing team and deep experience in Uganda provides a strong platform to pursue opportunities at and around historic Kilembe Mine and Kasese Cobalt Refinery
- Entry into Uganda to complement Jervois’ East African ambitions
- Complimentary management teams with combined skill set of exploration, development, financing and capital markets, construction, commissioning and operations

- Uganda has continuation of geological trends from neighbouring Democratic Republic of Congo but with greater political and regulatory stability
- Post-Transaction, the Board of Directors will consist of three nominees from Jervois and one from M2 Cobalt
- Existing Jervois Chairman, Mr Peter Johnston, and Chief Executive Officer, Mr Bryce Crocker, will continue in their existing roles
- Primary listing on the ASX and will seek to continue M2 Cobalt's listing on the TSXV; will provide access to the Australian and North American mining capital markets
- Jervois to provide M2 Cobalt with a US\$3.0M bridge working capital facility

Under the Arrangement, each common share of M2 Cobalt will be exchanged for one (the "Exchange Ratio") common share of Jervois. This represents an implied offer price of C\$0.262 based on the closing price of Jervois' common shares on the Australian Stock Exchange ("ASX") on January 21, 2019, and C\$0.247 based on the 10-day VWAP for the period also ending January 21, 2019. M2 Cobalt stock options and warrants will be exchanged for replacement options and warrants under Jervois' stock option plan in accordance with the Arrangement. Upon completion of the Transaction, pro forma ownership of the enlarged company will be 77.9% existing Jervois shareholders, and 22.1% M2 Cobalt existing shareholders.

Jervois' current asset is the Nico Young cobalt-nickel deposit, located in New South Wales, Australia. The company is close to finalizing a Pre-Feasibility Study on 3.0Mtpa heap leach facility, based on a JORC compliant Inferred Mineral Resource of 167.8Mt @ 0.59% Ni and 0.06% Co<sup>1</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.

The company 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 also applied for a prospecting license over the Kabanga Nickel Project in Tanzania and considers this entry into Uganda to complement its East African regional ambitions.

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<sup>1</sup> Refer to ASX Announcement 22 November 2017

Jervois owns a 4.54% interest in eCobalt Solutions, a TSX-listed primary cobalt developer in Idaho in the United States. Jervois has approximately A\$9 million in cash and liquid securities, excluding its holding in eCobalt Solutions and the Bullabulling royalty.

M2 Cobalt is an exploration stage company with 100% ownership of highly prospective properties in Uganda. The company has an established Ugandan operating presence with strong government and local stakeholder relationships. Its projects are at target drilling stage and exhibit strong anomalies.

M2 Cobalt's Kilembe-area properties are represented by five (5) exploration licenses covering 710km<sup>2</sup>, along strike of the historical Falconbridge mine. The Kilembe mine operated for over 20 years and produced over 16Mt of ore grading 1.98% Cu and 0.17% Co between 1956 and 1977 (Non 43-101 compliant; GTK, 2011). Falconbridge, the Canadian base metal company subsequently purchased by Xstrata in 2006, sold the mine to the Ugandan Government during the political instability of the 1970's and the operation has since been closed.

M2 Cobalt also controls the Bujagali project, which consists of six (6) exploration licenses in south central Uganda covering 1,705km<sup>2</sup>. Within Bujagali, the Waragi area is targeting Democratic Republic of Congo-style mineralization and has copper-cobalt anomalies. Fifty-one (51) rock grab samples contain between 0.10% and 1.75% Co; thirty-nine (39) rock grab samples contain between 0.10% Cu and 0.81% Cu; one hundred and forty-one (141) soil samples contain between 100 and 1310 ppm Co (0.13% Co) and 236 soil samples contain between 100 and 547 ppm Cu<sup>2</sup>. The Bombo area target comprises disseminated to massive nickel-copper sulphides in a series of intrusive ultramafics; extensive outcropping is evident on surface.

Jervois has reviewed a significant number of investment opportunities in cobalt globally and is enthusiastic regarding the exploration potential of M2 Cobalt's portfolio of tenements. Uganda has a continuation of geological trends from neighbouring Democratic Republic of Congo, as well as a history of copper / cobalt production, but with greater political and regulatory stability.

### **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 M2 Cobalt shareholders present in person or represented by proxy at a special meeting of M2 Cobalt shareholders expected to take place in Q2, 2019. In addition to the M2 Cobalt shareholder approval, the Arrangement is also subject to the

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<sup>2</sup> Refer to TSX announcement 4 September 2018

receipt of certain regulatory, court and stock exchange approvals, as well as Jervois being conditionally accepted for listing on the TSX Venture Exchange, and other closing conditions customary in transactions of this nature. Jervois has provided provide M2 Cobalt with a US\$3.0 million secured convertible bridge loan facility (the “Loan”) to improve the liquidity of M2 Cobalt until closing. The Loan will have an interest rate of 15.0% per annum on drawn amounts, a commitment fee of 3.0% per annum on the undrawn balance, and will be secured against the assets of M2 Cobalt and certain of its subsidiaries. The Loan is convertible into M2 Cobalt common shares, with the principal being convertible at C\$0.245 per share, and any accrued interest or expenses being convertible at the market price the M2 Cobalt shares at the time of conversion. The Loan does not permit Jervois to convert into an aggregate position of more than 19.9% of the M2 Cobalt common shares. If the Arrangement Agreement is terminated, the Loan will become payable within 30 days. Completion of any advances under the Loan are subject to certain conditions related to security, as well as the approval of the TSX Venture Exchange.

The ASX has confirmed, in principle, that it will likely grant a waiver from Chapter Listing Rule 7.1 for the issue of Jervois shares under the Arrangement. The ASX has also advised that Jervois shareholder approval under Listing Rule 11.1 is not required for the Transaction. Jervois is in the process of obtaining the formal waiver under Listing Rule 7.1. In addition, Jervois will apply for a listing on the TSX Venture Exchange.

Following completion of the Transaction, the post-Transaction Board of Directors of Jervois will consist of three members from Jervois and one member from M2 Cobalt. 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 M2 Cobalt.

The Directors and executive officers of M2 Cobalt along with certain shareholders, holding in the aggregate 34.6% of the outstanding M2 Cobalt shares, have each entered into customary voting and support agreements in favour of the Arrangement.

The Arrangement Agreement includes customary restrictive covenants including non-solicitation covenants on the part of M2 Cobalt and gives M2 Cobalt the right to accept a superior proposal in certain circumstances and terminate the Arrangement Agreement. Jervois has a five-business day right 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 M2 Cobalt will prepare, file and mail in due course to the M2 Cobalt shareholders in connection with the special meeting of the M2 Cobalt shareholders to be held to consider the Arrangement. All shareholders are urged to read the information circular once available, as it will contain additional important information concerning the Arrangement. A copy of the Arrangement Agreement will be available for review under the profile for M2 Cobalt 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 as legal counsel.

Canaccord Genuity Corp. is acting as financial advisor with Cassels Brock & Blackwell LLP as legal counsel to M2 Cobalt. The Board of Directors of M2 Cobalt has received a fairness opinion from Canaccord Genuity Corp. to the effect that the consideration payable under the Arrangement is fair, from a financial point of view, to the shareholders of M2 Cobalt.

### **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 full time employee of the company 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 M2 Cobalt, has been reviewed and approved by Dean Besserer, P.Geol., the technical advisor of the Company and qualified person as defined by National Instrument 43-101.

For further information, please contact:

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Certain information in this press release is being issued pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, which requires a report to be filed under M2 Cobalt’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) containing additional information with respect to the foregoing matters. A copy of such report may be obtained by contacting Bryce Crocker, Chief Executive Officer of Jervois at +61 3 9583 0498. Jervois’ office is located at 585 Burwood Road, Hawthorn Victoria 3122, Australia. M2 Cobalt’s head office is located at Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3.

**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, the Company 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 of 3.0Mtpa, making it one of the largest Australian cobalt-nickel operations. The company is well funded with approximately A\$9m in cash and liquid securities, excluding its holding in eCobalt and the Bullabulling royalty.

### **About M2 Cobalt**

M2 Cobalt Corp. is focused on discovering and developing world-class cobalt assets (and related minerals) to help address the growing deficit in the supply of cobalt. M2 Cobalt has a large, highly prospective land package in the Republic of Uganda, East Africa bordering historic production and on the same mineral trends as some of the major mines in the neighbouring DRC where over 60% of world cobalt supply originates. Uganda is a stable country with a growing economy looking to re-energize its historic mining industry. Further information on the Company and its projects can be found at [www.m2cobalt.com](http://www.m2cobalt.com).

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

### **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 M2 Cobalt. 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 anticipated benefits from the Transaction, the consideration to be paid, the receipt of required regulatory approvals and satisfaction of other customary closing conditions, the advance of funds under the Loan, the secondary listing of Jervois common shares on the TSXV, the timing for the special meeting of M2 Cobalt shareholders, the timing for closing of the Transaction, and expectations regarding future exploration, licensing, development, growth and potential of Jervois' and M2 Cobalt'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 M2 Cobalt; 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 M2 Cobalt; risks relating to exploration and potential development of Jervois' and M2 Cobalt'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 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 M2 Cobalt'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 M2 Cobalt 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 M2 Cobalt,  
"Simon Clarke"  
Simon Clarke, CEO and Director

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