

# Jervois Mining and M2 Cobalt Corp to Merge

January 2019

**Jervois**  
 MINING LIMITED

**M2COBALT**



## DISCLAIMER

### Disclaimer

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### Competent Persons

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.

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### ASX Announcements referred to In this Presentation

22 November 2017 “NiCo Young Updated Mineral Resource – Additional Information”

In accordance with listing rule 5.23.2, the company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement referred to above and that in the cases of mineral resources that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

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## TRANSACTION

### HIGHLIGHTS

COMBINED GROUP HAS  
IMPROVED ACCESS TO  
CAPITAL MARKETS...

...WITH INCREASED SCALE,  
LIQUIDITY AND  
DIVERSIFICATION LEADING  
TO SIGNIFICANT RE-  
RATING POTENTIAL...

... STRATEGIC FOCUS IS ON  
WORKING WITH UGANDA  
TO OPTIMISE KILEMBE  
MINE AND KASESE COBALT  
REFINERY RESTARTS

- ✓ Existing M2 Cobalt Ugandan platform to pursue Kilembe Mine and 25% Ugandan government share in Kasese Cobalt Refinery, and advance Nico Young in Australia
- ✓ Complimentary management teams with combined skill set of exploration, development, financing, construction, commissioning and operations
- ✓ Enhances geographic and asset diversification by combining development-stage Nico Young project in Australia with a large package of prospective exploration tenements in Uganda
- ✓ At market merger eliminates value leakage and creates value for all shareholders
- ✓ Strong, supportive combined corporate, institutional and retail shareholder base providing enhanced market presence
- ✓ Primary listing on the ASX; an application will be made for a second listing on the TSXV which will provide access to both the Australian and Canadian mining capital markets

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## KEY TRANSACTION TERMS

FRIENDLY ALL SHARE AT-  
MARKET (NIL PREMIUM)  
MERGER BASED ON  
TRAILING VWAPS

### Transaction Summary

- Jervois and M2 Cobalt to merge by way of Jervois acquiring all of the issued and outstanding shares of M2 Cobalt for shares of Jervois structured as a Plan of Arrangement under the *Business Corporations Act* (British Columbia)
- Implied pro forma ownership of Jervois expected to be ~77.9% for current Jervois shareholders (22.1% for M2 Cobalt shareholders) on a basic basis

### Consideration

- Consideration of one share of Jervois per M2 Cobalt share
  - Implied offer price of C\$0.262 based on Jervois' closing price on ending January 21, 2019 <sup>(1)</sup>
  - Implied offer price of C\$0.247 based on 10 day VWAPs ending January 21, 2019
- Implied equity value of approximately C\$16.6 MM (A\$17.4 MM) for M2 Cobalt
- Post-merger company primary listing will continue to be on the ASX
  - Application will be made for a secondary listing on the TSXV

### Key Conditions & Approvals

- Approval of (a) 66⅔% of holders of M2 Cobalt securityholders, voting as a single class and (b) if required, majority of minority shareholders (excluding any "interested parties"), voting in person or by proxy
- Jervois has applied for a waiver in relation to ASX Listing Rule 7.1 and accordingly no Jervois shareholder approval is expected to be required in connection with the Transaction
- Regulatory approvals

### Board of Directors & Management

- Post-merger board of directors of Jervois will consist of three members from Jervois and one member from M2 Cobalt, Jervois to appoint Chair and CEO positions
  - Peter Johnston (Non Executive Chairman)
  - Bryce Crocker (Chief Executive Officer, Executive Director)

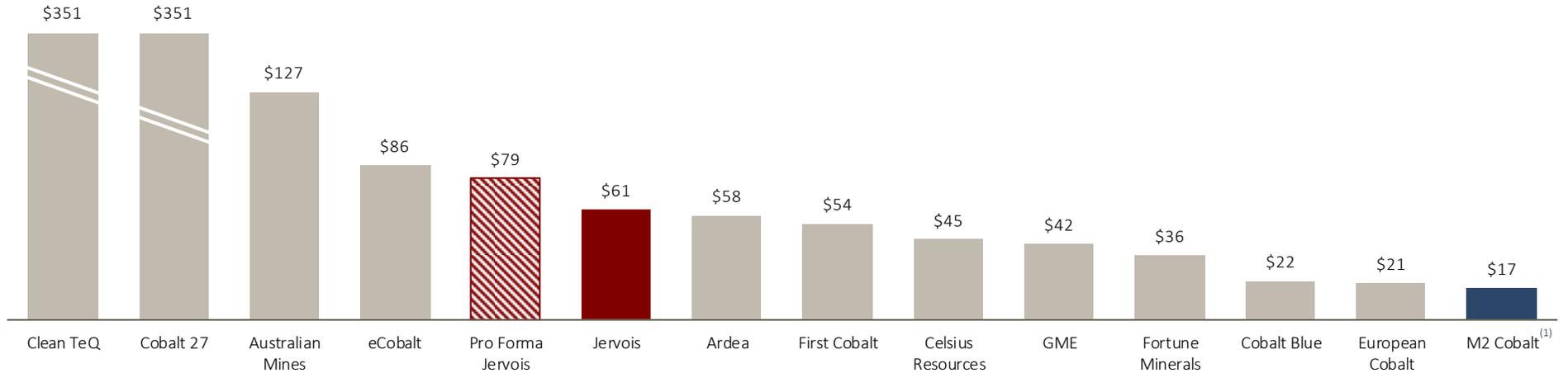
### Other

- Voting and support agreements received from each M2 Cobalt director and officer (representing ~34.6%)
- Reciprocal termination fees
- Jervois to provide M2 Cobalt with a US\$3M bridge working capital facility
- Proposed transaction timeline:
  - Announcement on January 22, 2019
  - Close in April 2019

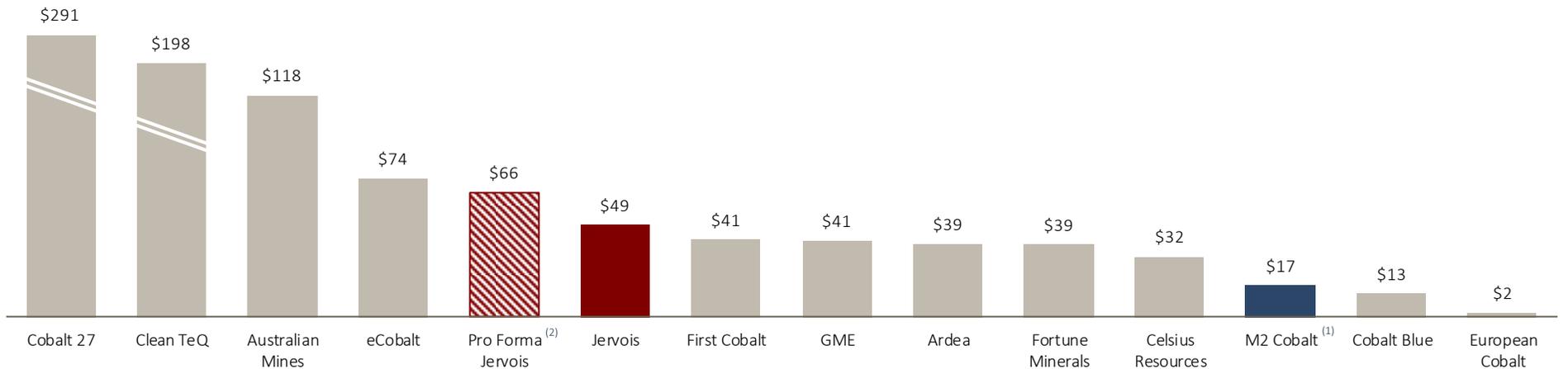
(1) Based on the Bank of Canada CAD:AUD exchange rate of 1.051 as of January 21, 2019.

## COBALT TRADING COMPARABLES

### Market Capitalisation (A\$ MM)



### Enterprise Value (A\$ MM)



Note a: Priced as at January 21, 2019.

(1) M2 Cobalt shown at offer.

(2) Pro Forma Jervois enterprise value adjusted for transaction related costs.

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## M2 COBALT ASSET PORTFOLIO

### Overview

- Established Ugandan operating presence
- Exploration-stage company with 100% ownership of prospective properties in Uganda
- Utilising geology and resources survey of Uganda led by Geological Survey of Finland (GTK)
- Strong government and local stakeholder relationships
- All Projects are at Target drilling stage and have strong anomalies
- Kilembe-area Project
  - 5 EL's – 2 south west of Kilembe mine, 2 north east Kilembe mine, 1 east of Kasese
  - Ground along strike of Kilembe mine in both directions
- Bujagali project
  - 6 EL's approximately 2 hr. drive from Entebbe
- Waragi: copper-cobalt anomalies elevated with several rock chip samples over 1.0% Co and soil sample assays over 0.1% Co; Katanga style mineralisation
- Bombo: nickel-copper target ore type disseminated to massive sulphides in an intrusive ultramafic, outcropping

### Asset Locations



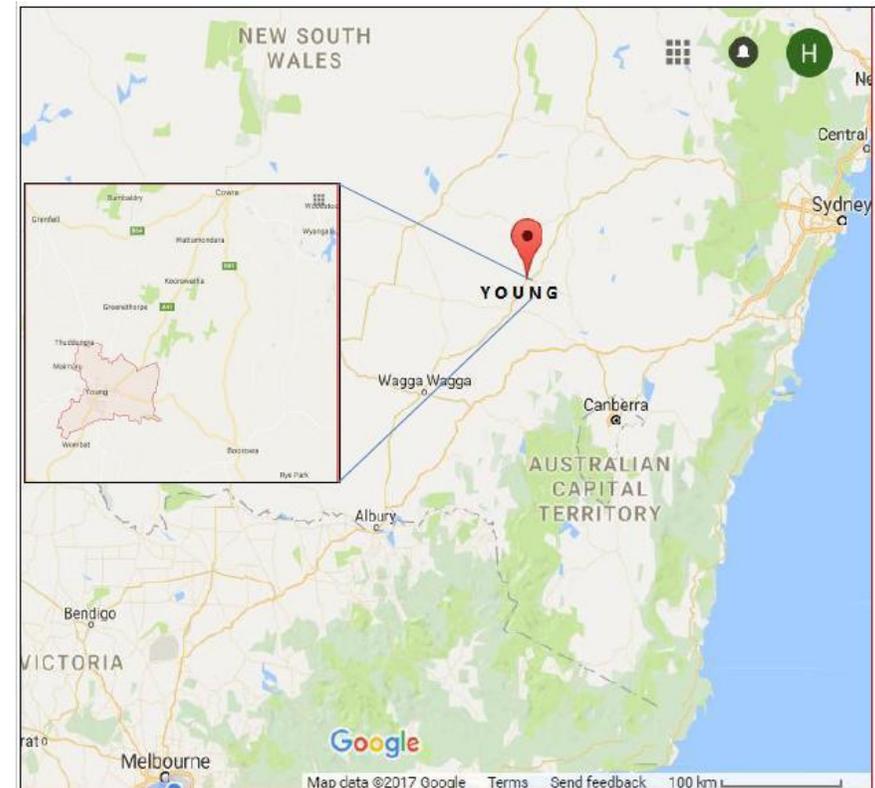
## JERVOIS ASSET PORTFOLIO

### Overview

- Ex Xstrata / Glencore executives with strong background in base metals including cobalt
- Nico Young cobalt-nickel project (100%)
  - Located in New South Wales, Australia
  - Nico Young is core project, moving toward finalizing a Pre Feasibility Study on 3.0Mtpa heap leach facility
  - JORC compliant Inferred Mineral Resource of 167.8Mt @ 0.59% Ni and 0.06% Co<sup>1</sup>
  - Lower capex and reduced technical risk associated with heap leach flowsheet
  - After construction will be one of Australia's largest cobalt-nickel operations
- Owns 4.54% interest in eCobalt Solutions, TSX listed primary cobalt developer in Idaho, USA
- Jervois has applied for a prospecting license over the Kabanga Nickel Project in Tanzania
- Jervois has approximately A\$9 million in cash and liquid securities, excluding its holding in eCobalt Solutions and the Bullabulling royalty

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

### Asset Locations

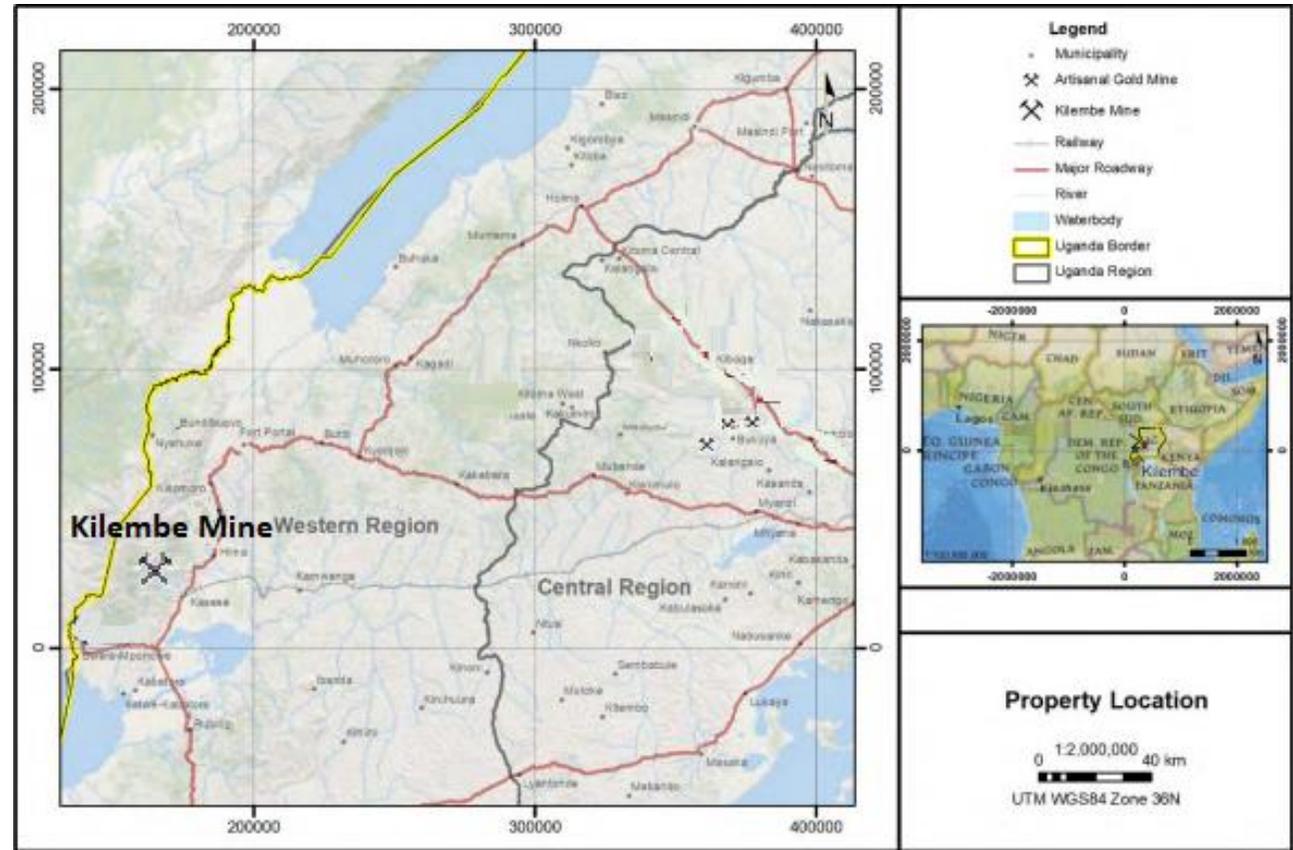


## KILEMBE MINE

COPPER-COBALT  
UNDERGROUND MINE IN  
WESTERN UGANDA,  
FORMERLY OWNED BY  
FALCONBRIDGE...

...OPERATED >20 YEARS  
AND PRODUCED MORE  
THAN 16MT OF ORE  
GRADING 1.98% CU AND  
0.17% CO (NON 43-101  
COMPLIANT; GTK, 2011)...

...MINE SOLD TO UGANDAN  
GOVERNMENT IN 1975  
AND NEVER REOPENED



- Kilembe mine owned by the Government of Uganda
- Jervois is in discussions as to how the combined company may assist restart

## KASESE COBALT REFINERY

CONSTRUCTED BY SGS  
BATEMAN FOR US\$180  
MILLION IN 1998,  
CURRENTLY ON CARE AND  
MAINTENANCE...

...1,000TPA COBALT METAL  
BIO LEACH REFINERY...

...GOVERNMENT OF  
UGANDA OWNS 25%...

...JERVOIS IN DISCUSSIONS  
RELATING TO RESTART  
PLANS



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