

# Jervois

*Building a leading independent cobalt and nickel company*

Q4 2021 RESULTS CALL

Monday 31 January 2022 (Australia)



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All dollar values are in United States dollars (US\$) or Australian dollars (A\$) and financial data is presented as at 31 December 2021, unless stated otherwise. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Further information regarding the basis of preparation of financial information in this presentation is included in Slide 19.

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# Q4 2021 Highlights

Significant growth in cobalt revenue at Jervois Finland – stage set for strong 2022

## Jervois Finland: cobalt price momentum and cashflow growth

Q4 2021 revenue US\$96.0 million (+26% vs Q3 2021); 2021 proforma revenue US\$295.8 million<sup>1</sup>

Q4 adjusted EBITDA US\$3.9 million, impacted by transition to higher cobalt prices to US\$33.50/lb by year end<sup>1</sup>

2021 proforma adjusted EBITDA US\$19.0 million; based on current MB Fastmarkets SG cobalt price of US\$34.50/lb, 2022 EBITDA guidance US\$50.0–55.0 million<sup>1</sup>

## Idaho Cobalt Operations (ICO) / São Miguel Paulista (SMP): advancing to operations

ICO project being delivered - on track for first cobalt and copper concentrate production in Q3 2022

ICO underground drill programme to commence in Q1 2022<sup>2</sup>; surface rigs to start in Q2

SMP feasibility studies advance: small POX to be installed, dedicated to ICO cobalt concentrate

## Jervois Corporate: harnessing financial flexibility

First drawdown of US\$100 million ICO senior secured bond expected in Q1 2022<sup>3</sup>

Mercuria working capital facility balance end December 2021 US\$57.5 million<sup>4</sup>; US\$17.5 million headroom, +US\$75.0 million Accordion extension available

Cash balance at end December US\$49.2 million (excluding escrowed ICO bond accounts)<sup>5</sup>

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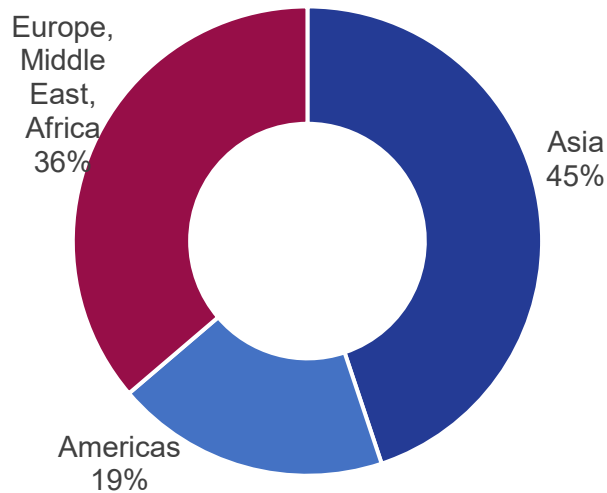
# Sales performance

Jervois Finland sales performance reflect solid demand and continued rising cobalt prices

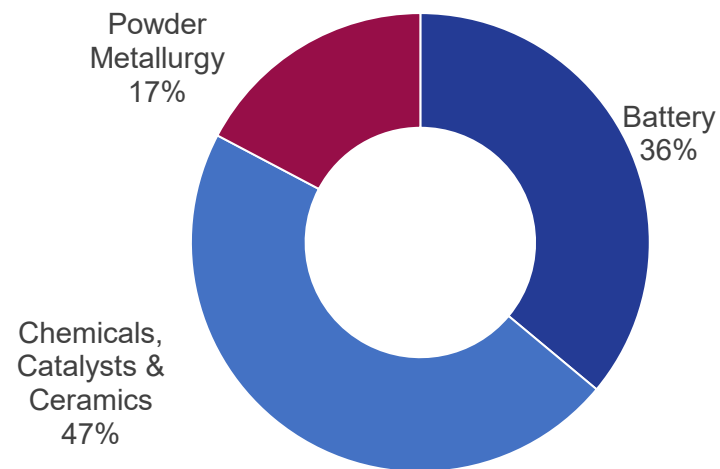
## Sales and marketing

- Demand remained solid across all regions and markets, with demand from the battery sector driving cobalt prices
- Q4 2021 revenue US\$96.0M and sales volumes 1,687 tonnes – strongest quarter of the year to date due to cobalt price momentum and strong sales volumes<sup>2</sup>
- Proforma 2021 revenue US\$295.8M and sales volumes 5,677 tonnes (production 5,703 tonnes)<sup>2</sup>

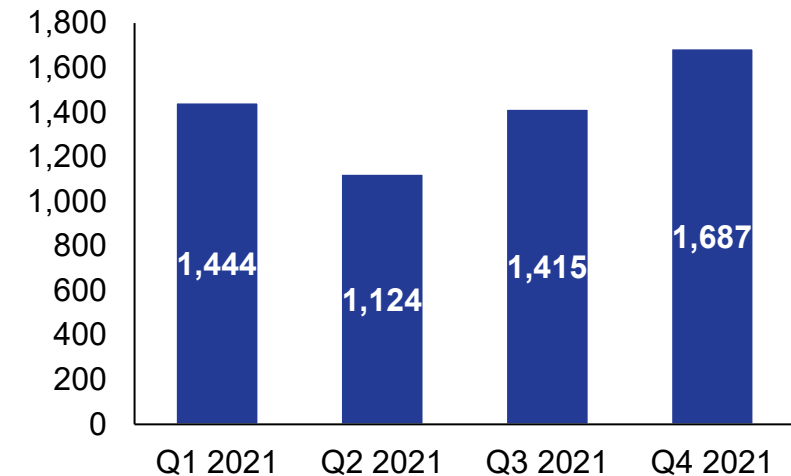
Revenue by region (2021 full year)<sup>1</sup>



Revenue by segment (2021 full year)



Sales volume by quarter (tonnes)





# Market outlook

## Positive outlook for key market segments

### Chemicals, Catalysts & Ceramics

- Consumption remains strong in chemicals segments, with continued expectations of +5% growth versus 2021; and increased price premiums
- Improving outlook in catalyst segment after delayed catalyst changeouts and softer consumption in refinery catalysts in 2021. Catalyst recycle business stable
- Ceramics and pigment demand recovered significantly in 2021 from Covid related slowdowns, but higher energy costs which are having to be absorbed by producers, could lead to lower growth rates in 2022



### Powder Metallurgy

- Powder metallurgy outlook stable for 2022, with potential for modest growth depending upon the end use markets
  - General engineering, mining and infrastructure businesses remain stable
  - Automotive remains impacted by limited semiconductor availability
  - Aerospace and energy (oil & gas) show signs of positive developments



### Batteries

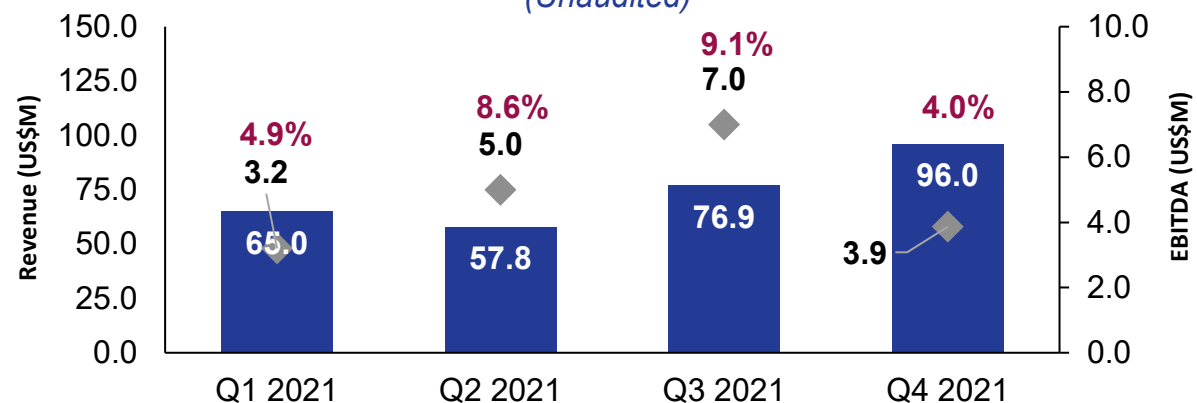
- Electric vehicle market penetration continues to increase globally. Ternary cathode materials continue to drive demand for cobalt units in this sector
- While costs continue to increase for most battery components, production continues to increase
- Cobalt sulphate prices remain at premiums to metal, demonstrating continued increased requirements for cobalt in ternary cathode materials



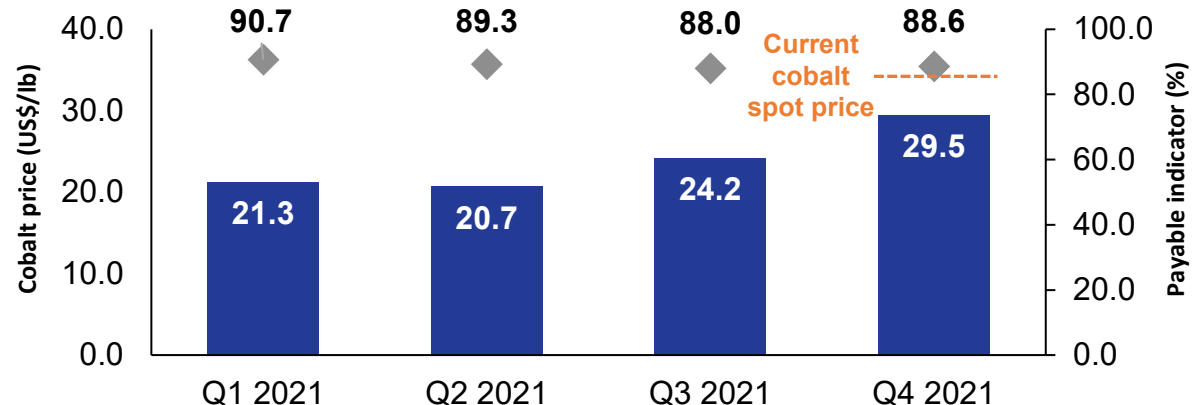
# Financial performance

Quarter-on-quarter revenue +26%; Q4 2021 EBITDA impacted by transitional factors

Jervois Finland Proforma Revenue (US\$M), Adjusted EBITDA (US\$M) and Margin (%)<sup>1</sup>  
(Unaudited)



Fastmarkets Metal Bulletin SG cobalt price (US\$/lb) and Co hydroxide payable indicator (%)



## Momentum sets stage for strong 2022

- 26 per cent revenue growth and strongest quarterly revenue performance since Q3 2018<sup>2</sup>
- Strengthening cobalt prices ~US\$34.50/lb late January.

## Transitional factors impacting costs and adjusted EBITDA

- Q4 adjusted EBITDA of US\$3.9M adversely impacted by:
  - Revenue impact of commodity prices lags by ca 1-2 months - business harvests full benefits of higher prices once prices stabilises<sup>3</sup>
  - Mark-to-market impacts in rising cobalt price environment: “Open” purchase volumes are marked-to-market each month end; leads to cost adjustment where cobalt prices increase month-on-month (occurred in Sep, Oct, Nov, Dec)<sup>3</sup>
  - Supplier shipment delays led to additional purchases of higher priced cobalt hydroxide in the spot market – delay not loss of material, will recoup in 2022

## Strong underlying operating performance

- Production efficiency, plant reliability and product quality all in-line with internal targets



# Jervois Finland EBITDA guidance

2022 EBITDA guidance of US\$50-55 million (using spot MB Fastmarkets SG cobalt price of US\$34.50/lb)

	2021 Forecast (Proforma, July 2021)	2021 Actual (Proforma, unaudited)
Cobalt price (Metal Bulletin Fastmarkets Standard Grade) – US\$/lb	US\$20.00/lb	US\$24.00/lb
Sales volumes (total) – m lbs	12.4	12.5
Revenue – US\$M	270.0	295.8
Pro forma adjusted EBITDA – US\$M <sup>1</sup>	20.0	19.0
Proforma adjusted EBITDA Margin – %	7%	6%
Capex – US\$M	3.7	2.4

	2022 Guidance
Cobalt price (Metal Bulletin Fastmarkets Standard Grade) – US\$/lb	US\$34.50/lb
2022 sales volumes guidance – Tonnes (M lbs)	6,000 (13.2)
2022 EBITDA guidance – US\$M	US\$50.0 - 55.0M
2022 EBITDA sensitivity to +/- US\$1.00/lb cobalt price change	US\$2.0M

## Comparison to July 2021 equity raise guidance

- Jervois Finland guidance for 2021 provided in Investor Presentation (27 July 2021)
- Sales volumes and revenue performance reflect strength of both market and underlying business
- One-off integration costs (US\$0.7M) unrelated to underlying operating performance excluded from adjusted EBITDA
  - Principally IT related costs associated with initial phase of post-acquisition support from Freeport
  - Costs expected to decrease throughout first half of 2022 as transition and integration activities progress
- EBITDA ~5% lower than guidance, primarily due to mark to market accounting due to rising cobalt prices
- Capital expenditure discipline led to lower spend – prioritisation ensures focus on critical, high-return projects

## 2022 EBITDA guidance is US\$50.0 to 55.0M

- Based on current spot cobalt prices, current cobalt hydroxide payable indicator and +6% sales volume growth
- Guidance assumes constant prices through the year – price volatility in the year will impact actual EBITDA outcome

# Working capital overview

Jervois Finland business now underpinned by >US\$100 million of final product inventory due to rising prices

US\$ Million	30 September 2021 Unaudited	31 December 2021 Unaudited
Cobalt price at end qtr (actual, US\$/lb) <sup>1</sup>	25.8	33.5
Trade accounts receivable (US\$M)	27	34
Product inventory (US\$M)	90	103
Other inventory (US\$M)	7	7
Accounts payable (US\$M)	(33)	(21)
Other (net) (US\$M)	3	(8)
<b>Net Working Capital</b>	<b>94</b>	<b>115</b>
Cobalt inventories at quarter end (tonnes)	1,678	1,704
Last 12 months sales volume (tonnes) <sup>2</sup>	5,497	5,677
<b>Inventory cover (days)</b>	<b>111</b>	<b>110</b>

## Rising price environment key driver of higher working capital

- Cobalt price movements materially impact inventory value and changes to working capital
- c.US\$8.00/lb increase of cobalt prices key driver of c.US\$21.0M increase in working capital in the quarter

## Increase funded via drawdown on US\$75 million Mercuria working capital facility

- Two drawdowns in the quarter – US\$32.5M in November, and US\$25.0M in December
- Funds working capital increase and other group activities in Q4 2021 and provides flexibility for Q1 2022

## Investment in working capital part of the Jervois Finland business model

- Diverse and specialized products – supply chain length and proximity to customers key drivers
- Customer payment terms structured to maximise long-term commercial value (high premia products)

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# Jervois USA: Idaho Cobalt Operations (“ICO”)

ICO on track for cobalt production in third quarter 2022



## Cost and schedule review concluded in December 2021

- Capital expenditure for ICO development revised to US\$99.1M (previously US\$92.6M)
- Change principally due to market and inflationary pressures in the western United States
- First ore Q3 2022 and sustainable commercial production anticipated from December 2022

## Project status and key milestones:

- US\$11.6M capital expenditure in Q4 2021 (US\$21.7M project-to-date)
- US\$64.8M in financial commitments, inclusive of actual expenditure
- Mill and Concentrator building construction continues, mill foundations complete Q1 2022
- East and West Portals now well advanced with progress on underground infrastructure commencing
- Tailings Waste Storage Facility (TWSF) now in operation
- Accommodation-camp scheduled to be operational April 2022
- Crushed ore bin erection underway

## Project fully funded to completion

- RPM Global visited ICO in January 2021 to complete Cost to Complete Test review for bondholders in their capacity as Independent Engineer for the US\$100M Senior Secured Bonds
- First US\$50M drawdown is anticipated in Q1 2022



# Jervois Idaho Cobalt Operations

Once complete, ICO will be the only mine supply of cobalt in the United States

## Mine development advancing



*Portal Bench infrastructure supporting underground activities*



*Progressing underground development works*

## Surface construction on track



*Surface facilities overview*



*Flotation building progress*

## Operational readiness underway



*Major deliveries nearing completion*



*Hiring for key positions advanced*

# Jervois Brazil: São Miguel Paulista nickel-cobalt refinery

Progressing Bankable Feasibility Study for restart of the only nickel-cobalt refinery in Latin America



## SMP Bankable Feasibility Study

- Increased pressure oxidative (“POX”) autoclave size and lead time incompatible with ICO commissioning schedule: smaller POX autoclave to be installed, dedicated to ICO cobalt concentrate
- SMP production capacity from Q2 2024 remains 25,000 tonnes nickel and 2,500 tonnes cobalt
- First cobalt production from ICO POX autoclave from Q2 2023
- Likely that initial SMP product will remain cathode – lower capital, shorter restart leadtime
- Switch to nickel sulphate remains feasible should customers wish to partner for restart
- SMP stage 1 BFS outcomes expected to be released by end Q1 2022 (MHP and  $\text{Co}(\text{OH})_2$ ); stage 2 incl POX circuits by Q3 2022

## Acquisition anticipated to close in Q2 2022

- São Paulo City Hall operating permit renewal process continues
- Outside date for closing extended to 31 May 2022

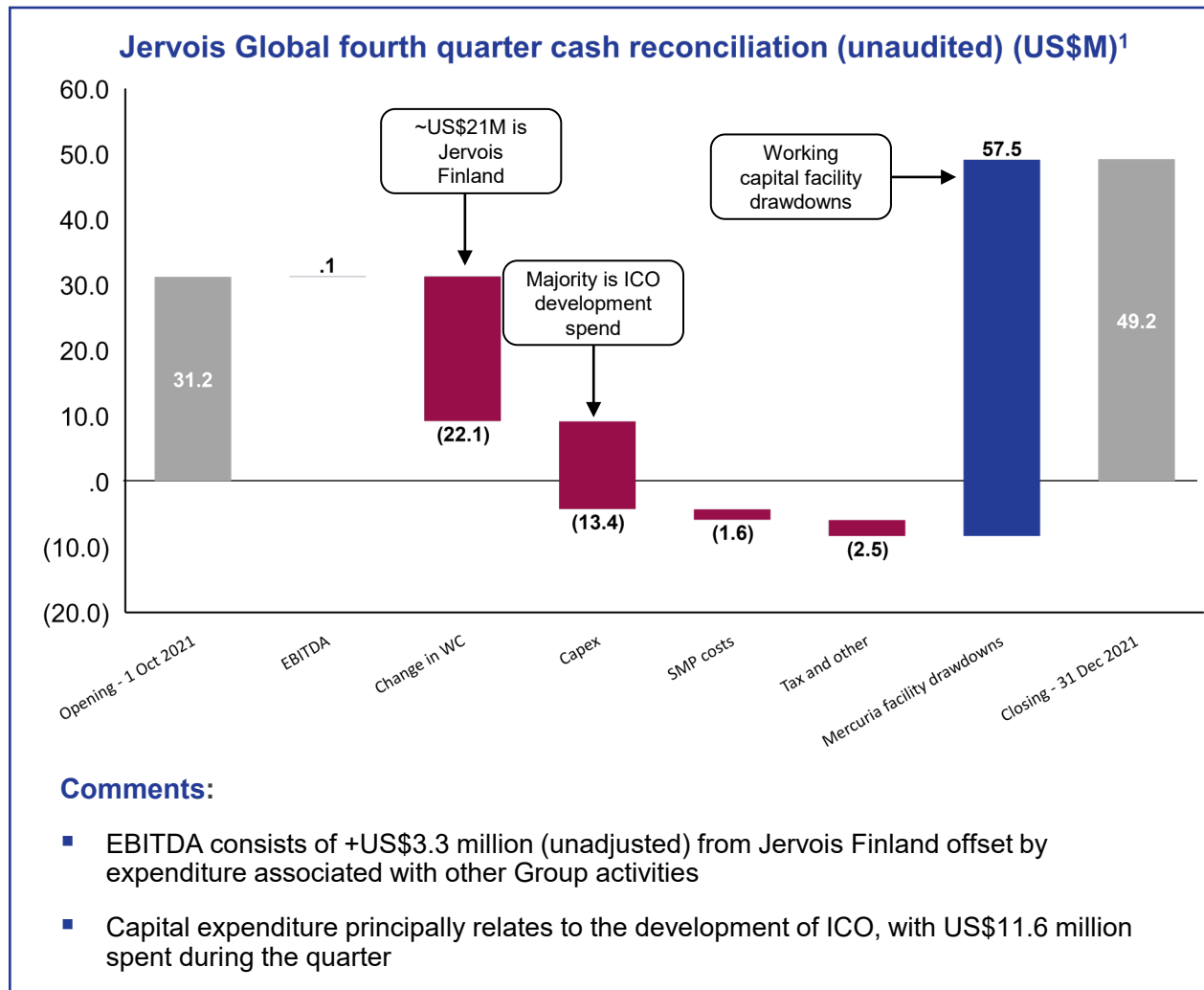


*Aerial view of SMP refinery, São Paulo, Brazil*



# Corporate

Harnessing financial flexibility to adapt to higher cobalt price environment



## Harnessing financial flexibility to fund working capital needs

- Drawdown from Mercuria facility meets higher working capital needs at Jervois Finland resulting from rising cobalt prices
- Funds also contributed to ICO project ahead of anticipated drawdown of ICO Senior Secured Bonds
- Uncommitted additional tranche of US\$75 million (could potentially increase facility to US\$150 million)
- Other corporate initiatives: upgrade to OTCQX in the U.S.; establishment of global commercial office (Switzerland); finalisation of purchase price for Jervois Finland acquisition

Cash and debt summary (unaudited) (US\$M)	30 Sep 2021	31 Dec 2021
Cash - unrestricted	31.2	49.2
Cash - restricted (ICO Senior Secured Bonds)	113.5	113.5
Debt - US\$75m working capital facility (Mercuria) <sup>2</sup>	-	57.5
Debt - US\$100m ICO Secured Bonds <sup>2</sup>	100.0	100.0

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# Modelling impacts of price volatility on EBITDA

Price lag effects on revenue and mark-to-market adjustments on open purchases can impact EBITDA

## Modelling impacts of price volatility on Jervois Finland EBITDA (illustrative analysis)

	Month 0	Month 1	Month 2	Month 3
Month average Co price - US\$/lb	24.4	26.5	29.1	32.8
Month end Co price - US\$/lb	25.6	27.4	30.5	33.5
Open purchase volumes at month end (illustrative) – tonnes	250	250	250	250
Value of open purchases, assuming 75% payability (illustrative) - US\$M	10.6	11.3	12.6	13.8
<b>Mark-to-market of open purchases - illustrative impact to EBITDA - US\$M</b>	-	<b>-0.7</b>	<b>-1.3</b>	<b>-1.2</b>
Monthly average sales volume (illustrative) – tonnes	-	500	500	500
Notional revenue, excluding premia - US\$M (pricing: 100% M, 0% M-1)	-	29	32	36
Notional revenue, excluding premia - US\$M (pricing: 50% M, 50% M-1)	-	28	31	34
<b>Price lag effect on revenue - illustrative impact to EBITDA - US\$M</b>	-	<b>-1.2</b>	<b>-1.5</b>	<b>-2.0</b>

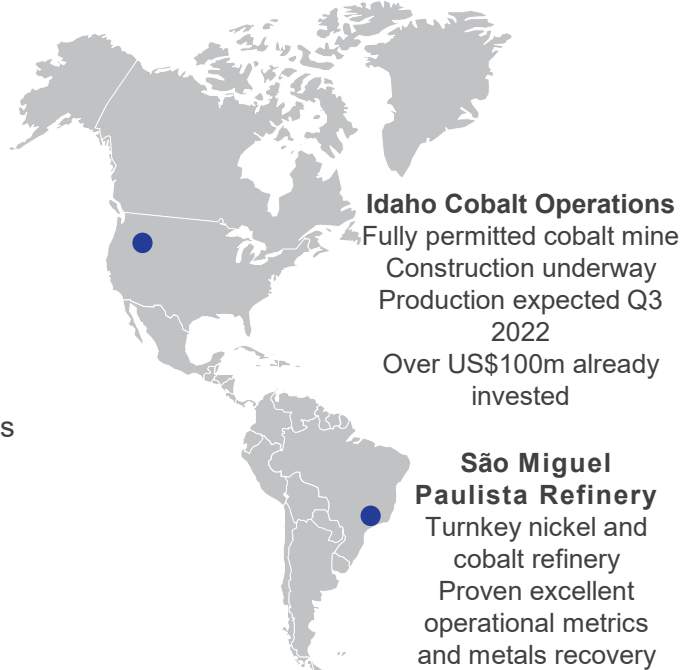
- Cobalt product sales, and purchases of cobalt hydroxide, are priced according to formulae linked to the quoted price of cobalt metal (Fastmarkets MB). Purchased cobalt hydroxide volumes are priced according to the quoted cobalt price in periods after receipt of the product (up to several months).
- This supports an objective to match the period of market price exposure of sales with the corresponding purchase volumes. At any point in time, the business has cobalt hydroxide volumes where pricing is “open” – volume pricing to be settled in a future period. Each month end these “open” volumes are re-valued at the current market price.
- Jervois Finland has certain sales contracts where pricing is linked to the quoted price in periods prior to the month in which revenue is recognised. Analysis illustrates the effect on monthly revenue based on 50:50 M / M-1 (compared to a scenario where pricing is 100% current month).
- Highlights that during periods where market prices rise sharply, the benefit to EBITDA is muted by these factors until prices stabilise. Conversely there is disproportionate benefit to EBITDA in environments where prices are transitioning to lower levels.

# Jervois strategic positioning

Recent acquisition consolidates Jervois' strategy to become a leading nickel and cobalt company

## Key development assets (United States and Brazil)

- Exposure to important EV metals: cobalt, nickel, copper
- ICO to be only cobalt mine in the United States
- SMP only nickel-cobalt refinery in Latin America
- Two assets with significant historical investment and defined pathways to commercialisation and revenues
- Significant commercial upside
- Committed to transparent and responsible supply chain



## Recent acquisition of cobalt operating business (Finland)

- Significant exposure to cobalt refining and ownership of downstream segments
- Jervois Finland a global leader<sup>1</sup> in refined cobalt products, proximate to key markets
- High quality operating business, with consistent historical cash flow generation
- Significant upside potential to price, and value creation through growth and synergies
- Best practice responsible sourcing



**Idaho Cobalt Operations**  
(United States, first production scheduled Q3 2022)

**São Miguel Paulista**  
(Brazil, Ni/Co refinery restart BFS scheduled Q1 2022)

**Contractual rights to c. 40% refinery capacity**  
(Finland, acquisition completed 1 September 2021)

**Downstream cobalt products business**

Cobalt Mining / Raw Materials

Primary Refining / Cobalt Intermediates

Finished Cobalt Advanced Materials (Chemicals and Powders)

Diversification across multiple products and value chain segments reduces portfolio risk profile

# Basis of preparation of financial information

## Historical and forecast financial information (Slides 4, 6, 8, 9, 10, 12, 15)

Historical financial information for Jervois Finland prior to acquisition by Jervois Global Limited on 1 September 2022 is based on unaudited financial statements that have been prepared in accordance with US GAAP and accounting principles applied under its ownership by Freeport McMoRan Inc. Financial information presented for the period prior to acquisition by Jervois Global on 1 September 2021 is presented on a proforma basis for illustrative purposes only.

Financial information presented for periods after acquisition on 1 September 2022 is prepared under Jervois group accounting policies, which conform with Australian Accounting Standards (“AASBs”) and International Financial Reporting Standards (“IFRS”). The Jervois Finland financial results for the period post-acquisition are consolidated into the Jervois Global consolidated financial statements. Information presented is unaudited.

## Reconciliation of EBITDA to Adjusted EBITDA

Adjusted EBITDA represents EBITDA attributable to Jervois, adjusted to exclude items which do not reflect the underlying performance of the company’s operations. Exclusions from adjusted EBITDA are items that require exclusion in order to maximise insight and consistency on the financial performance of the company’s operations.

Exclusions include gains/losses on disposals, impairment charges (or reversals), certain derivative items, and one-off costs related post-acquisition integration.

EBITDA for historical periods is presented as net income after adding back tax, interest, depreciation and extraordinary items and is a non-IFRS/non-GAAP measure.

The Jervois Finland 2022 guidance consists of forecast results for January to December. The forecast period includes an assumption of a forecast quoted cobalt price of US\$34.50/lb. Other forecast assumptions, including production, sales plans, costs and exchange rates are based on Jervois’ internal estimates.



US\$ Million	YTD Q3 (proforma)	Q4 (unaudited)	2021 (proforma)
EBITDA	15.0	3.4	18.3
One-off integration costs	0.2	0.5	0.7
<b>Adjusted EBITDA</b>	<b>15.2</b>	<b>3.9</b>	<b>19.0</b>