

# Jervois

*Building a leading independent cobalt and nickel company*

Canaccord Conference Presentation

10 – 12 May 2023



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All dollar values are in United States dollars (US\$) and financial data is presented as at 31 March 2023, 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.

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# Jervois: Creating a global nickel and cobalt platform

Portfolio overview and investment highlights

## Idaho Cobalt Operations, U.S.



**Largest cobalt resource<sup>1</sup> and only primary cobalt mine in the U.S.**

Suspended to preserve value

## Nico Young, Australia



**Prospective nickel and cobalt deposit located in NSW, Australia**

Divestment process underway

## São Miguel Paulista, Brazil



**Only class 1 nickel and cobalt refinery in Latin America – restart ready**

Remobilise pending financing

## Jervois Finland



**Global leader outside of China in downstream cobalt products business**

Operational ~US\$300M revenue<sup>2</sup>

### Mining / raw materials

### Primary refining, intermediates and finished products

### Key attractions

- ✓ 100% ownership across all assets, commercial target is to maximise product flexibility / off-take and price exposure
- ✓ Unique platform focused on geopolitically strategic assets in high quality jurisdictions servicing Western markets
- ✓ Pathway to become #2 producer<sup>3</sup> in refined cobalt ex-China – market position expected to unlock new opportunities
- ✓ Future earnings diversification reduces portfolio risk
- ✓ Technical and operational cross-pollination and synergies across portfolio assets
- ✓ Future growth options will be progressed according to asset performance and market conditions

# Q1 2023: Key developments

Strategy pivot aligned to economic and commodity context

## Transitional quarter for Jervois

- Jervois Finland operating cash flow positive in Q1 2023
- Jervois Finland return to positive EBITDA and continued cash generation expected in Q2 2023
- ICO suspended in view of cyclical weakness in the cobalt market
- SMP refinery restart temporary slowdown
- Action taken to enhance balance sheet and establish financial resilience

## Roadmap with clear near-term priorities

- Maximise margin and cash flow at Jervois Finland
- Deliver cost effective suspension phase at ICO and maximise restart optionality
- Execute government (DOD) funded ICO drilling programme and U.S. refinery studies
- Advance debt and partner financing process at SMP; final acquisition tranche deferred by a year
- Review partnership opportunities at each asset to crystallise and demonstrate value

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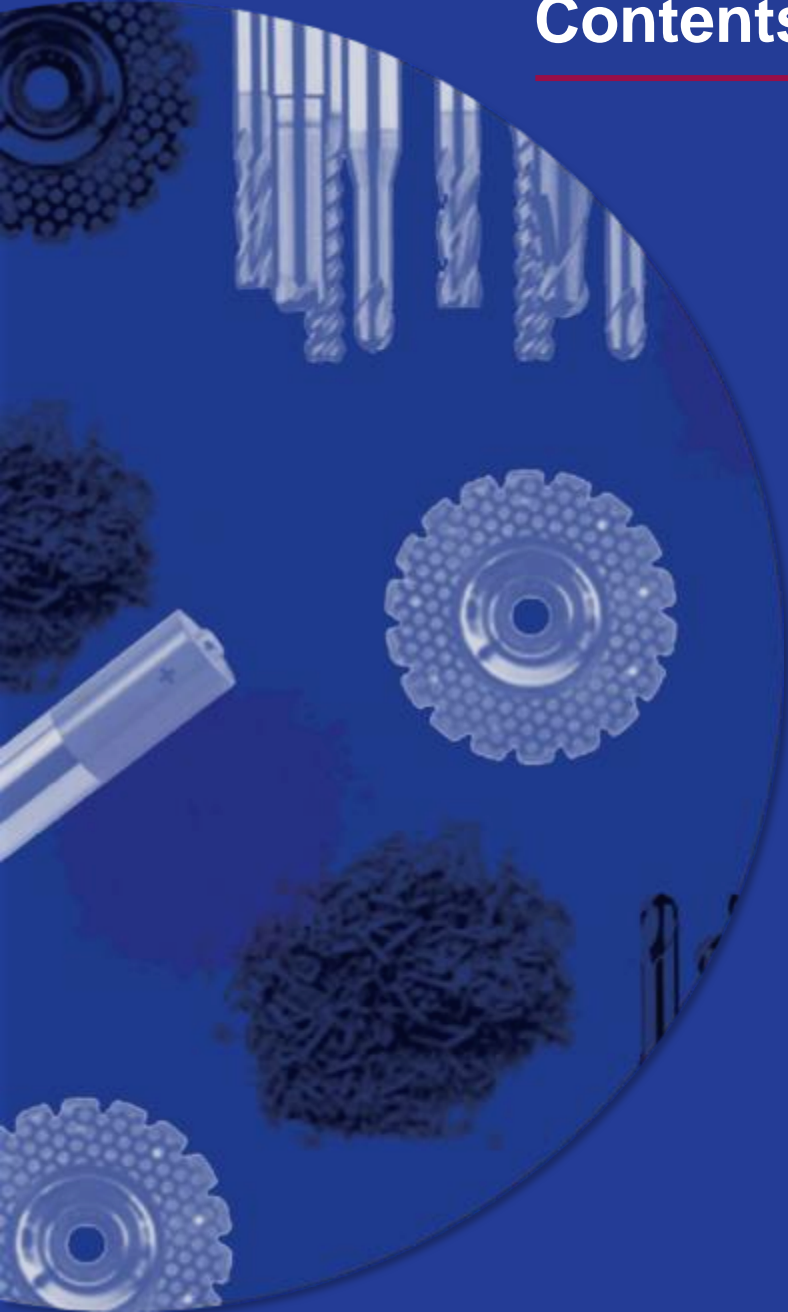
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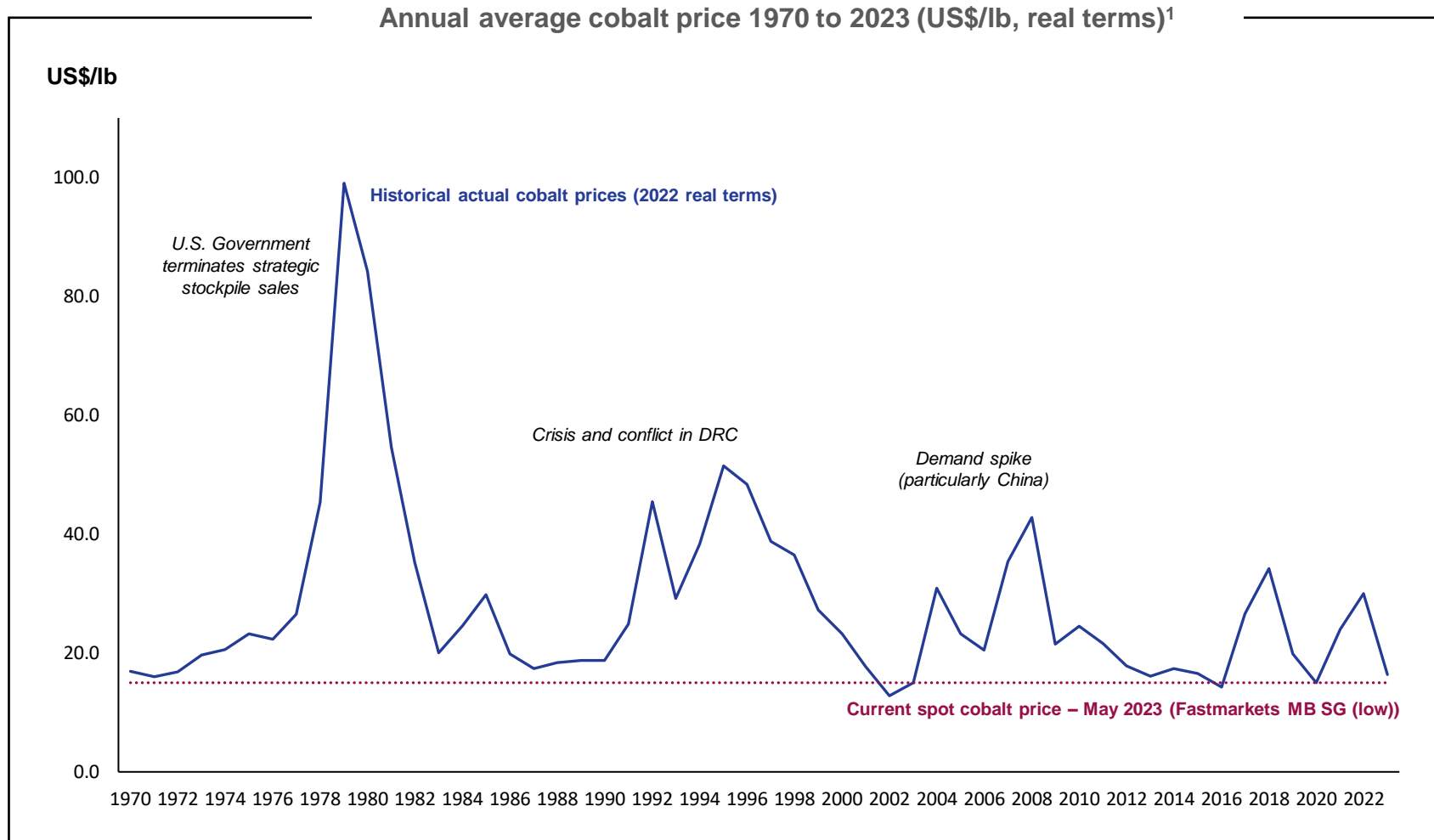
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# Cobalt price: upside potential based on historical cycle (pre EV's)

Historical context – EVs introduce significant further upside risk

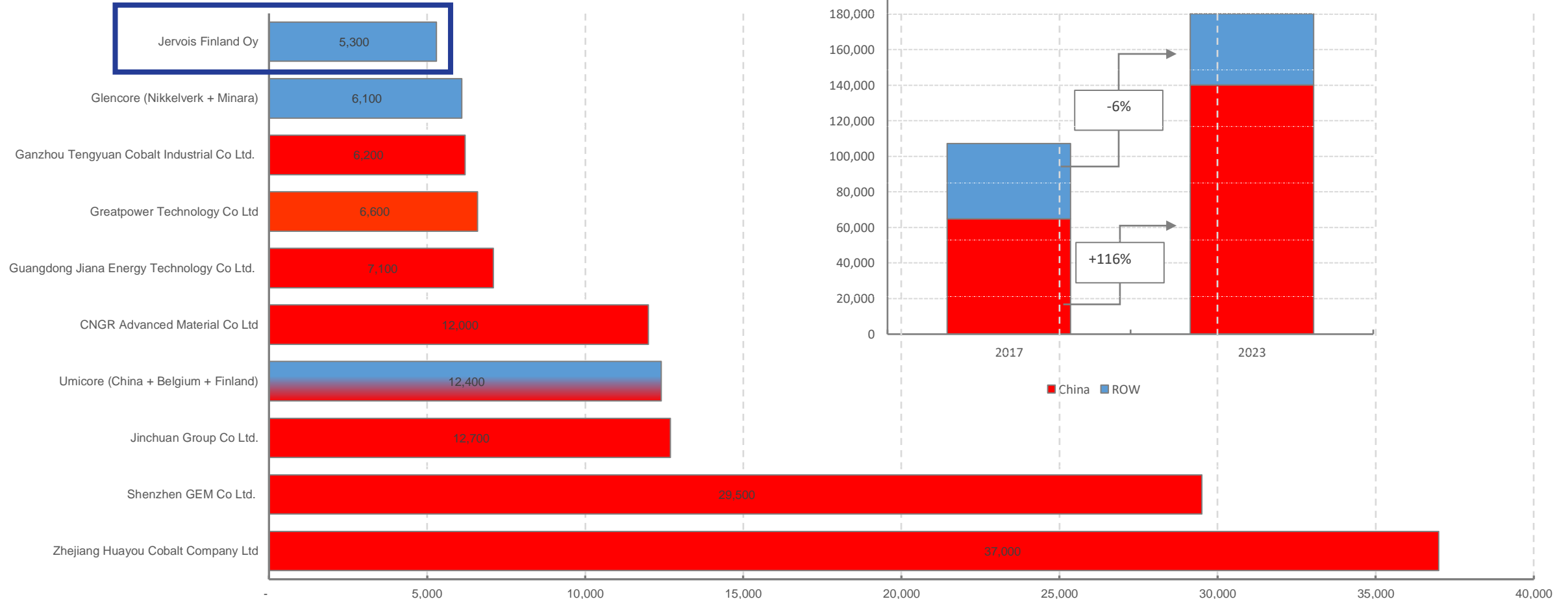


- ✓ **Demand growth potential:** Market demand forecast to grow 3x for cobalt by 2035, principally driven by electric vehicles (EV's)<sup>2</sup>
- ✓ **Supply-side fragility:** concentration creates supply risk and advantages for non-China owners / suppliers
- ✓ **Low substitution risk:** risk low for most end-use applications due to unique attributes – substitution already occurred where viable
- ✓ **Price inelasticity:** prone to price 'fly-ups' through history - with historical floor near current spot levels ~US\$15/lb (2022 real terms)

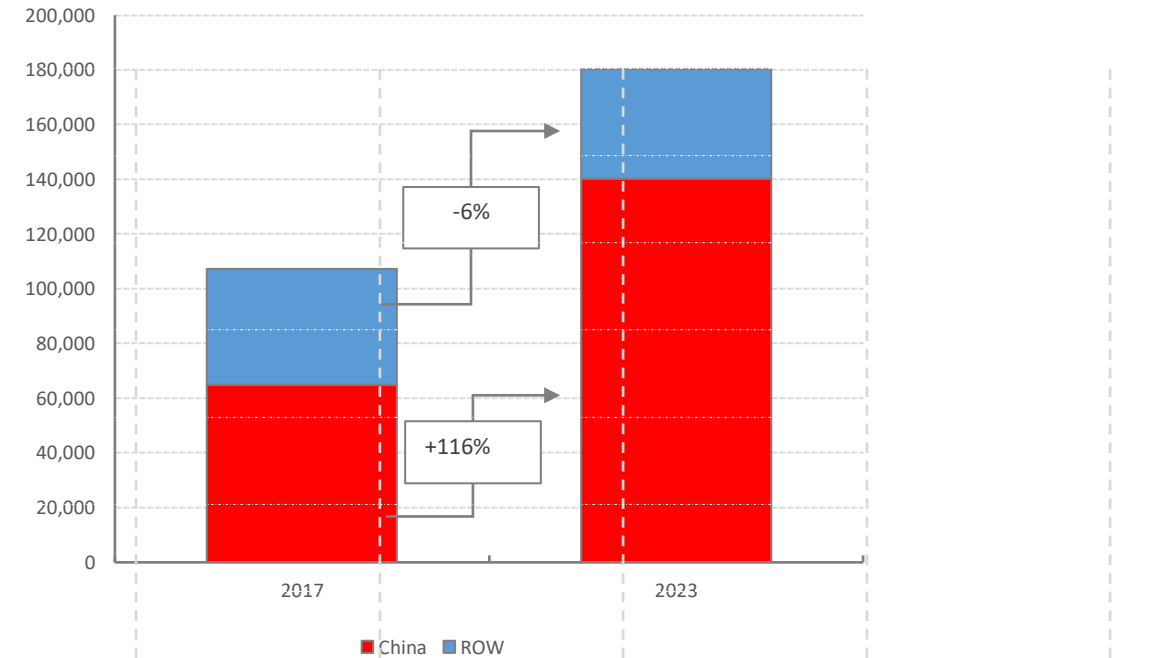
# Chinese global market share of refined cobalt chemicals >90%

In last 6 years refined cobalt output has risen >2x in China – and fallen in West

Top 10 cobalt refining companies  
(by 2022 volume, in MT)



Global Refined Cobalt Output





# Cobalt markets – demand growth strong

>10 per cent annual demand growth expected

## Demand

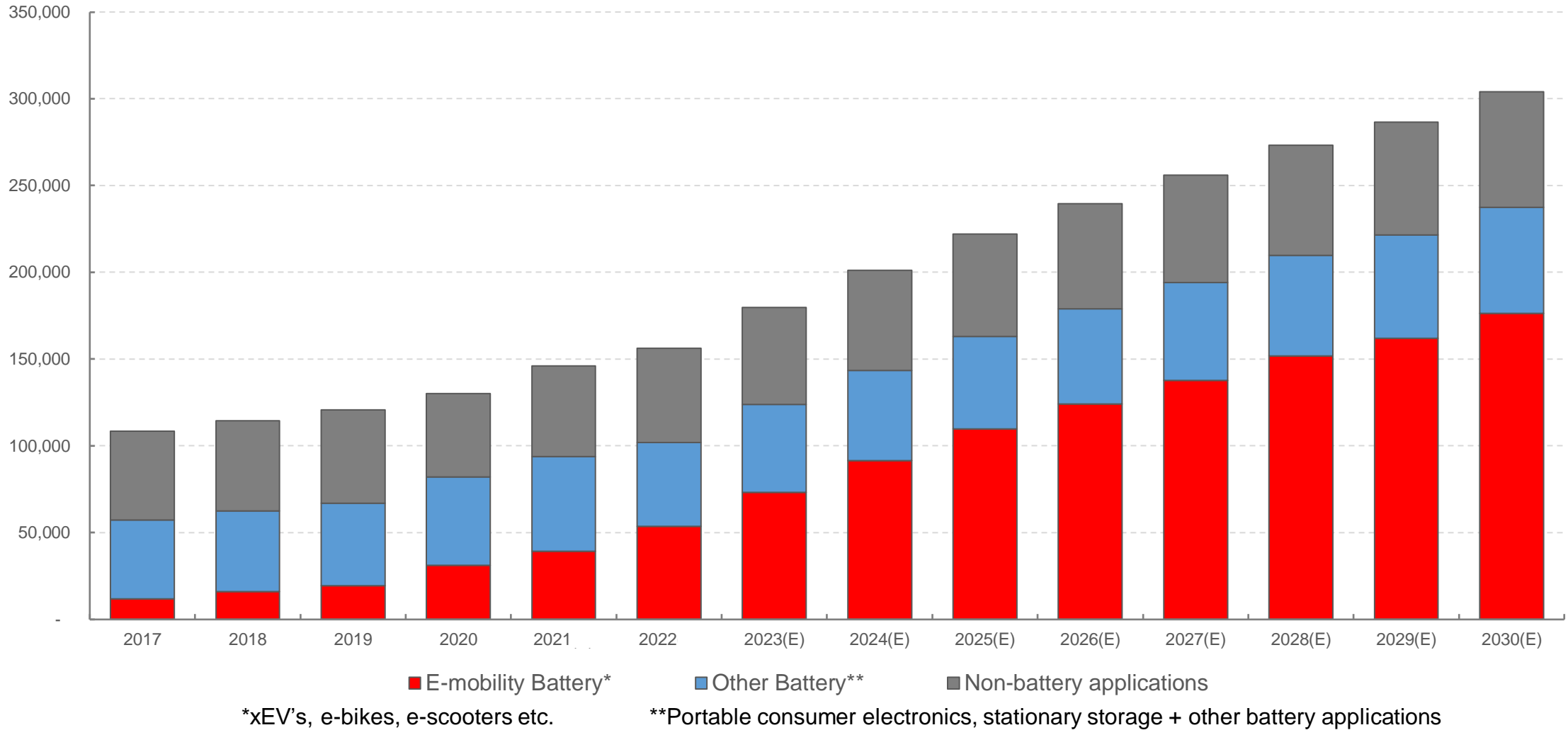
- Demand grew more than 10,000mt in 2022, and is forecast to grow ~25,000mt more in 2023.
- This growth rate (> 10% / per annum) is forecast to continue well beyond 2030
- 2022 growth was dampened by unique factors:
  - COVID shutdowns and global economic slowdowns led to destocking in EV pipeline
  - Temporary demand softness in portable electronics (-13% year-on-year)
- EV demand growth continues to meet or exceed expectations – outlook remains strong for the next decade onwards
- Aerospace recovering strongly post COVID

## Supply

- >40% rise in global cobalt mine supply over 2020 to 2022 – not sustainable over the long haul:
  - DRC mines (including artisanal) maximised cobalt output in 2022 to capture high prices and payables
  - Logistics bottlenecks in Africa and globally eased in 2H 2022 – wave of supply
  - Indonesian mixed hydroxide product (“MHP”) developed more quickly than forecast – but will level out in future
- Future supply growth more challenging – some new projects commissioning but not expected to keep up with >10% forecast growth in demand

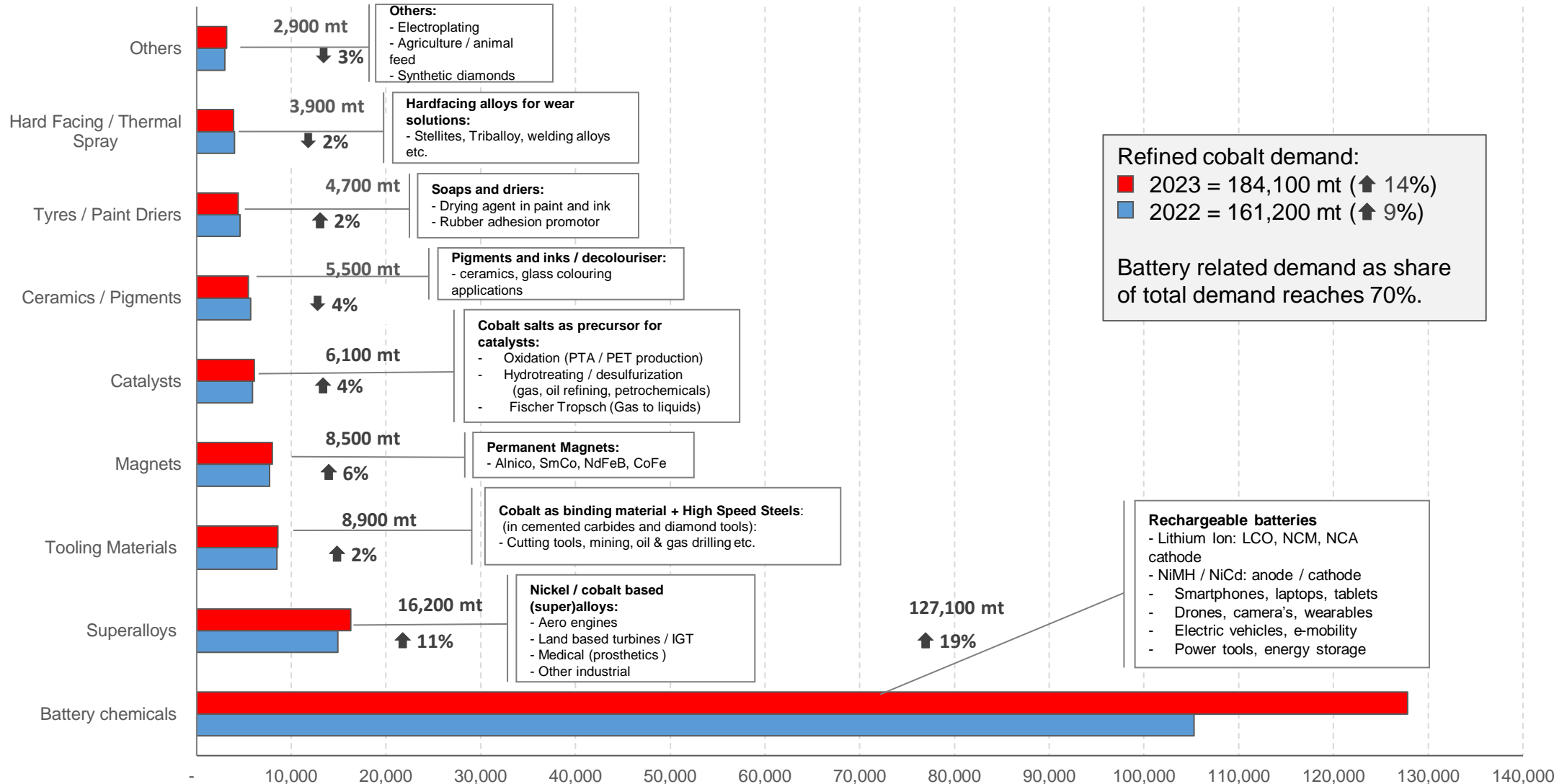
# Structural cobalt outlook remains robust

Future demand growth will be profound



# Global cobalt demand – by end use application in 2023

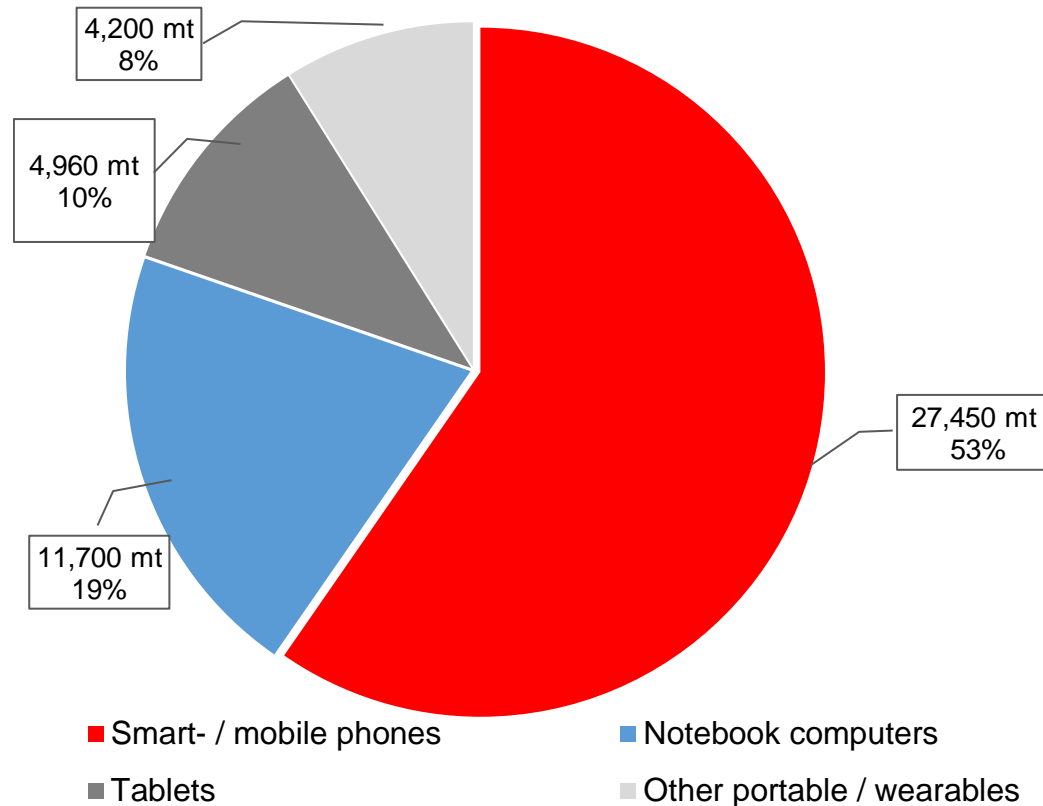
Cobalt is increasingly becoming an EV story – 70% global demand in 2023 now into batteries



# Cobalt demand – portable electronics

2022 represented a 13% fall versus prior year – highest on record

2022 cobalt use in portable electronics  
(by application)



## Cobalt demand in electronics

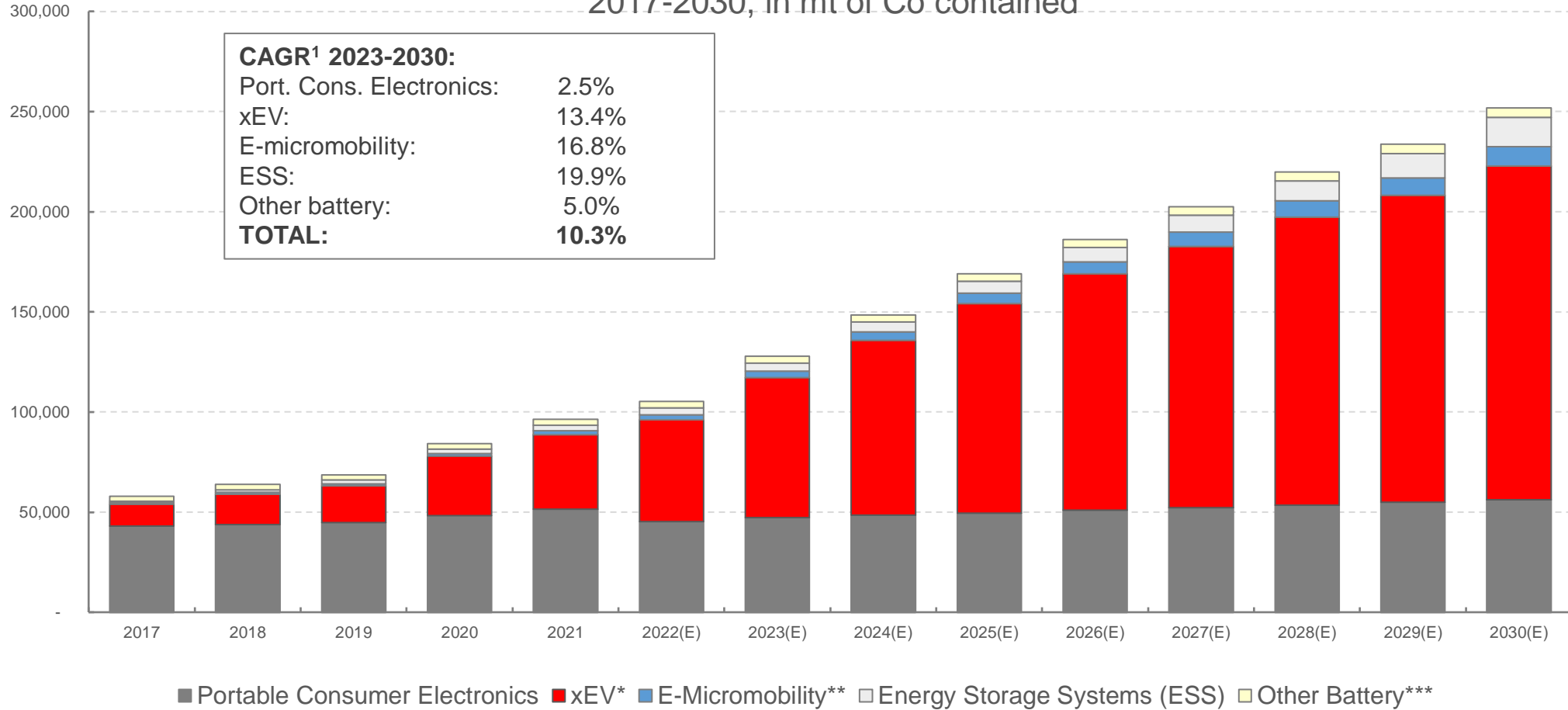
- China destock of PCAMs, CAMs, cells, starting Q2 2022 with Covid shutdowns
- Portable electronics (LCO precursor and cobalt tetroxide focus)
  - ~50% cobalt battery demand today
  - 2022 record annual decline: -13%
  - Smartphone shipments down over 10% in 2022 – largest ever annual decline
    - Including largest ever decline in a single quarter in Q4 2022 – normally strong pre Christmas delivery period
  - Notebook shipments slumped almost 20%
  - Demand weakness temporary – recovery underway



# Cobalt demand – growth outlook in batteries

Battery demand today has already changed the cobalt industry – and EV’s are only starting

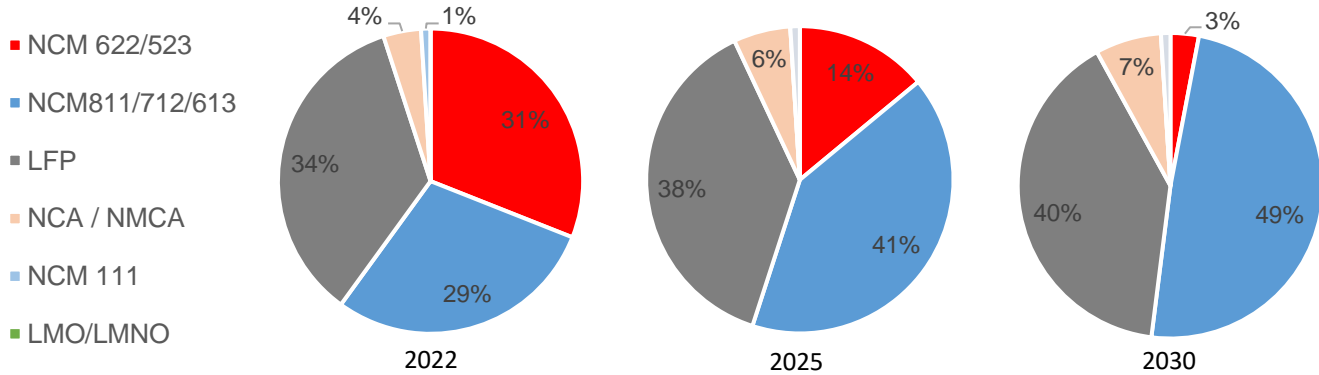
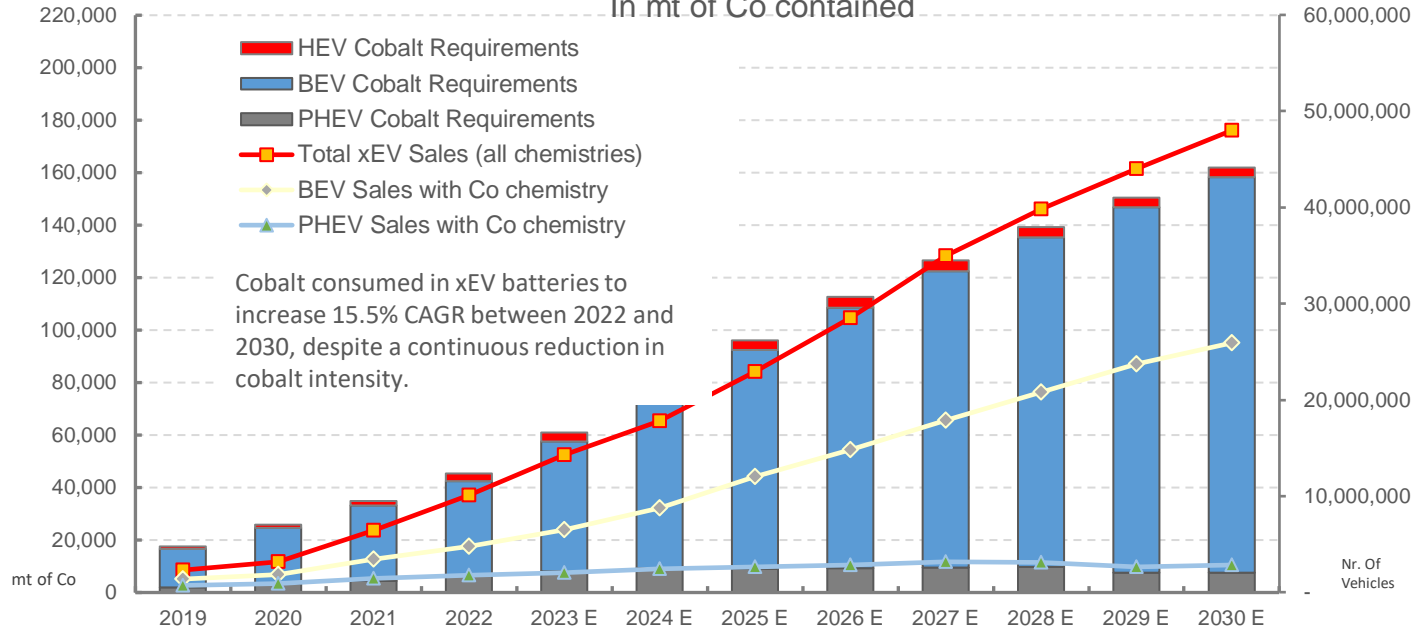
Global Cobalt Consumption in Batteries  
2017-2030, in mt of Co contained



# Cobalt battery demand growth in EV's

Significant growth despite shifting battery chemistries

Cobalt Consumption in xEV Batteries  
In mt of Co contained



## Cobalt chemistries

- LFP an important chemistry that is essential to minimise physical nickel and cobalt shortages and fly pricing
- Cobalt chemistry batteries expected to continue to grow and dominate battery demand
  - Lower cobalt chemistries aggressively baked in to EV forecasts
  - High nickel NMC battery chemistry fastest expected growth segment

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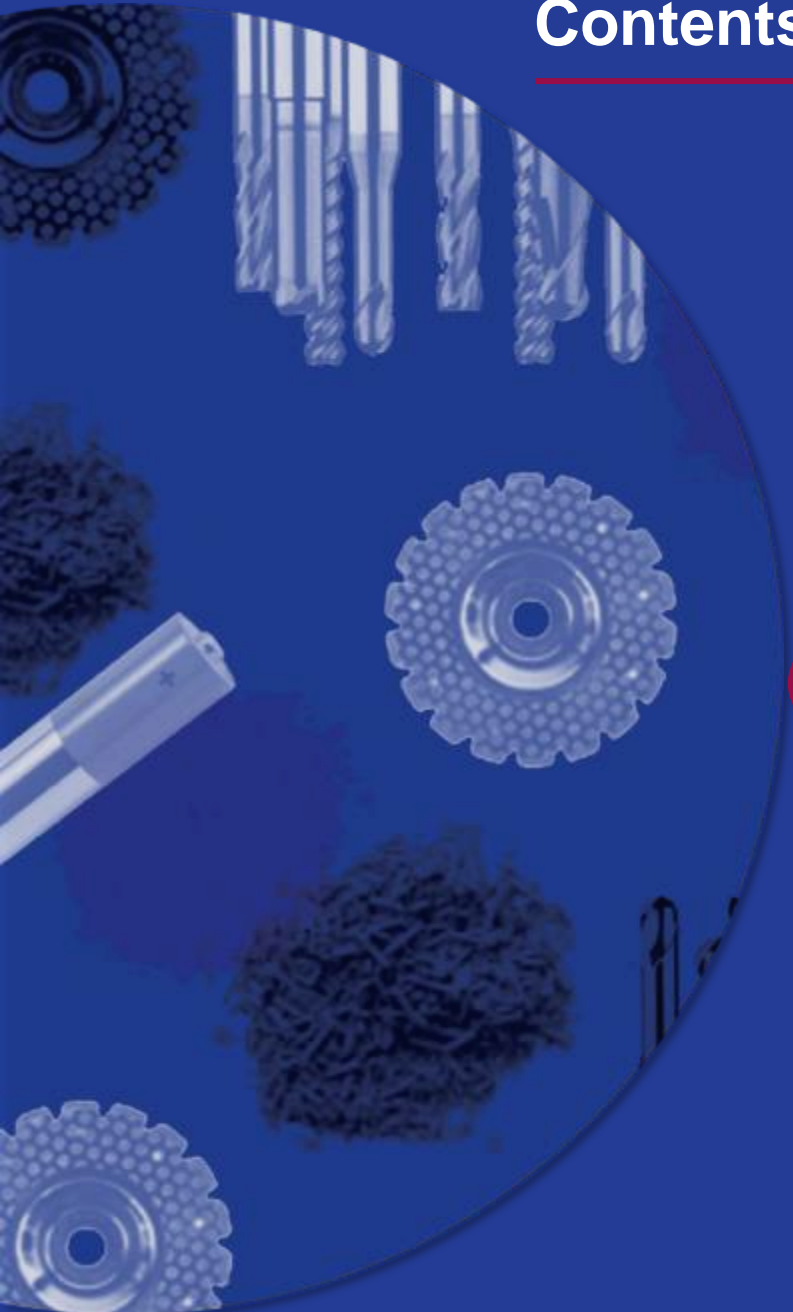
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# Balance sheet management

Establishing resilience to navigate volatility

## Reducing costs and maximising cash flow

- Positive cash flow from Jervois Finland
- Jervois Finland inventory reduction continuing
- Rapid demobilisation of ICO project in April
- Steady-state ICO suspension from May
- Cost reductions implemented across the group

## Actions implemented to enhance balance sheet

- 12 month deferral of final SMP acquisition payment
- Nico Young sale process to commence

## SMP restart slowed

- Project-level financing options advancing

Balance sheet summary (unaudited) – US\$M	31 Mar 2023	31 Dec 2022
Cash - unrestricted	49.8	152.6
Total inventories and receivables	117.3	158.2
Debt - Mercuria working capital facility (Dec 2024) <sup>2</sup>	70.0	115.0
Debt - ICO Senior Secured Bonds (Jul 2026) <sup>2</sup>	100.0	100.0

Jervois Finland inventory (unaudited) – US\$M	31 Mar 2023	31 Dec 2022
Cobalt price at quarter-end (actual, US\$/lb) <sup>1</sup>	16.3	18.8
Cobalt inventory: total (mt)	2,196	2,540
Physical cobalt inventories (US\$M)	66.0	104.7
Inventory days	134	155



# Guidance

Delivering business performance and preserving growth optionality

## Jervois Finland

Sales volumes (2023 calendar year)	5,300 to 5,600mt
Cobalt hydroxide volume protection against index	50 to 60%
Inventory days (target at 31 December 2023)	90 to 110 days

## ICO

Final forecast project cost (including demobilisation)	US\$155M
Estimated monthly suspension cost	US\$1.0M

## SMP

Forecast project cost	US\$65M
Estimated monthly owner's / site cost	US\$0.5M
Estimated first production	12 months from full mobilisation

## Jervois Finland

- Sales volumes guidance unchanged
- Inventory reduction programme on track

## Idaho Cobalt Operations

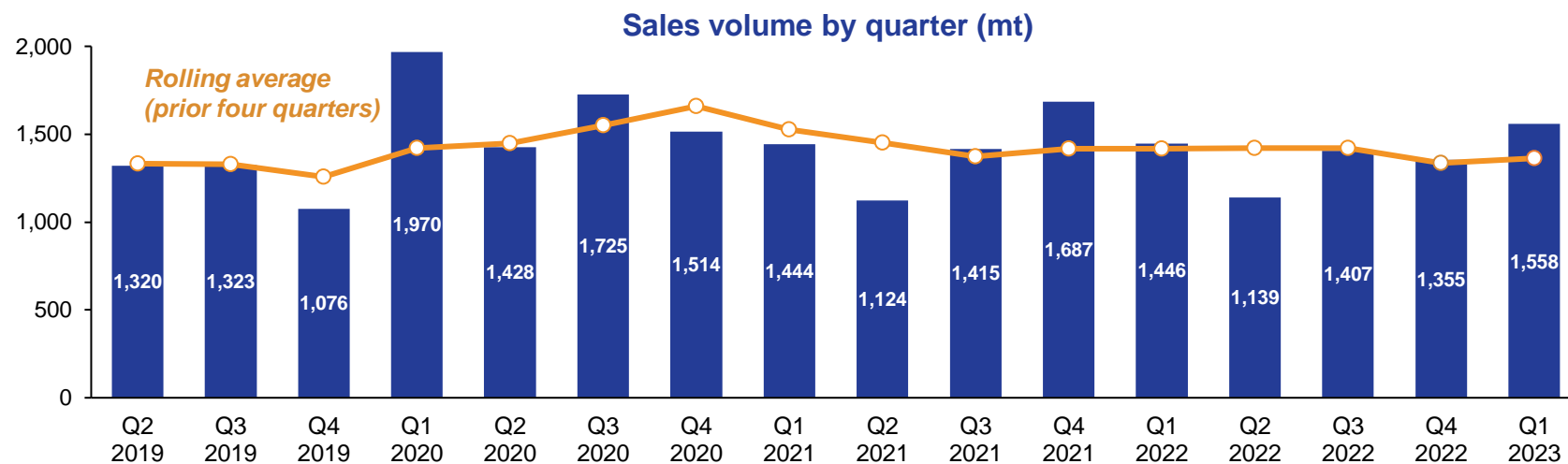
- Final project cost includes demobilisation
- Detailed restart scenarios and planning underway

## São Miguel Paulista

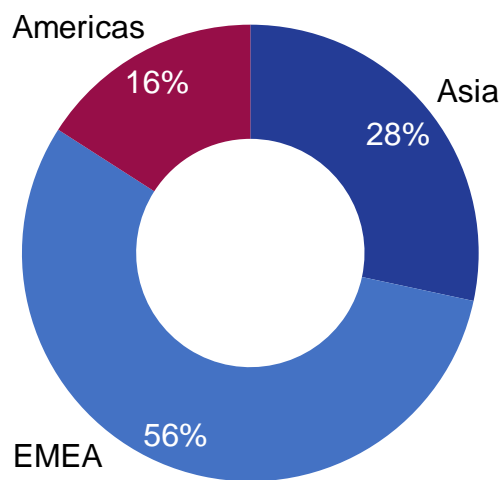
- Project cost guidance unchanged
- Near-term costs adjusted, owner's only

# Jervois Finland: sales performance

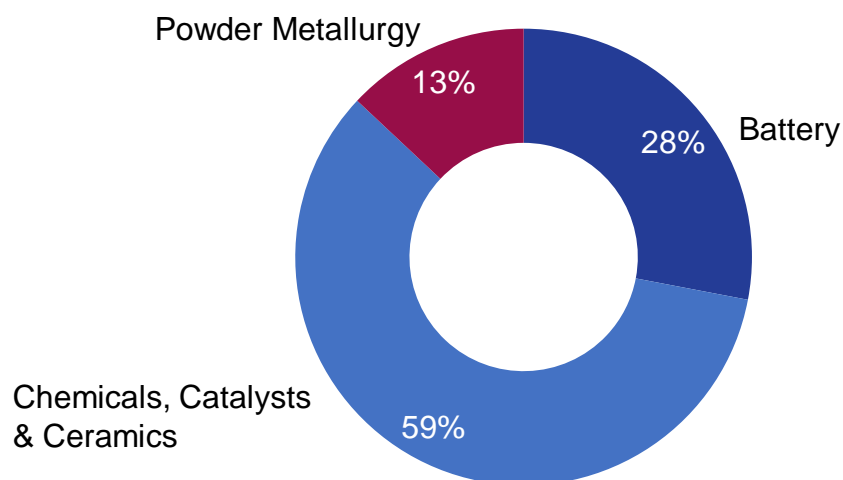
Diversified business with strong growth potential in the battery segment



**Revenue by region (Q1 2023)<sup>1</sup> – US\$58M**



**Revenue by segment (Q1 2023)<sup>1</sup> – US\$58M**



## Sales volumes increased 15% quarter-on-quarter

- Sales volumes: 1,558 mt (production: 1,082 mt)
- Q1 2023 revenue: US\$58M (Q4 2022: US\$73M)

## Inventory unwind on track

- Inventories reduced by ~20 days in the quarter
- Strategy remains to pursue a disciplined approach

## Automaker demand for cobalt sulphate is intensifying

- Advancing development of new sales opportunities
- Significant inbound OEM orders from Q1 2024

# Jervois Finland: market segment outlook

Outlook across 2023 more stable than volatility experienced in 2022, significant upside into 2024

## Chemicals, Catalysts & Ceramics

- Catalysts: Cobalt consumption in refinery applications firming across 2023, consumption by Jervois's customers expected to be higher year on year.
- Chemicals: Demand across key applications such as electrowinning, coatings and rubber adhesion chemicals are stable.
- Ceramics: Key global ceramics markets are experiencing softer demand after the Covid-related surge in the home improvement market.



Pigments



Catalysts

## Powder Metallurgy

- Automotive remains weak across all global markets, semi conductor shortage believed to have troughed in March – recovery expected in Q4 2023 and moving into 2024.
- General engineering, including construction has softened with rising interest rates and a slowing global economy.
- United States (“**U.S.**”) oil and gas remains strong.
- Aerospace robust – high order intake especially in U.S..



Hard metal tools



Diamond tools

## Batteries

- Inventory levels from existing customers remains high and demand subdued; recovery Q4 2023 or 2024 at the earliest.
- Recent U.S. Inflation Reduction Act of 2022 (“**IRA**”) indication that Japanese cobalt containing products will be considered eligible for the consumer electric vehicles (“**EVs**”) credit have been positively received.
- European and U.S. OEM or automaker enquiries increased significantly, with strong volume and pricing requests from the start of 2024, and rising sharply in following years.
- With increasing pressure to separate battery supply chains from China, Jervois Finland is undertaking a qualification process with major South Korean battery producers.



Batteries

# Jervois USA: Idaho Cobalt Operations

Suspension to preserve value while preparing for the future

## Strategic cobalt asset

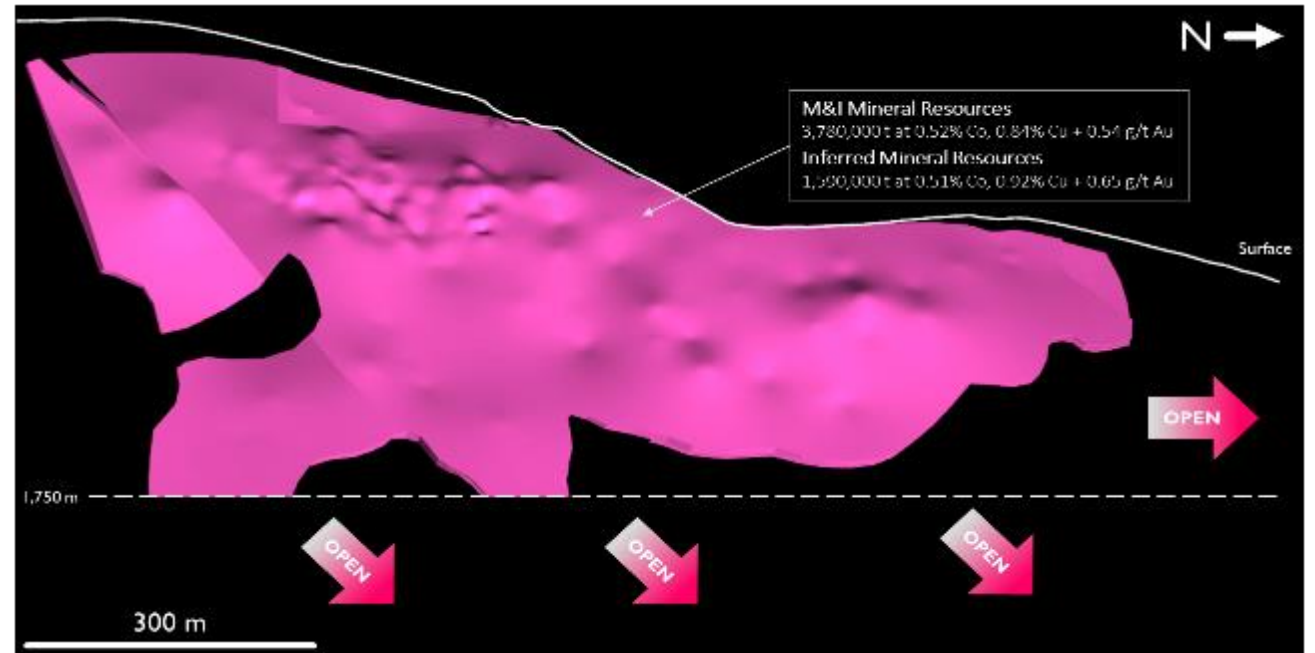
- High grade cobalt-copper-gold deposit, located near the town of Salmon, Idaho
- Largest NI 43-101 compliant cobalt resource in the U.S.
- Mine development based on initial 7-year mine life to minimise risk and maximise IRR

## Preserving value and optionality

- Final construction suspended in March due to low cobalt prices and inflationary impacts
- Demobilisation is complete, pivot to cost effective suspension phase underway

## Demonstrating resource expansion potential

- Orebody remains open at depth and along strike - Jervois has identified exploration targets
- Drilling results provide confidence that RAM resource will ultimately support extended mine life
- Final documentary steps for US\$15 million under the Defense Production Act ("DPA") Title III



ICO Underground Constrained Mineral Resource Estimate @ 0.20% Co CoG

Classification	Tonnes	Co (%)	Co (lbs)	Cu (%)	Cu (lbs)	Au (g/t)	Au (Oz')
Measured	460,000	0.70	7,100,000	1.16	11,800,000	0.783	11,500
Indicated	3,320,000	0.50	36,500,000	0.79	58,000,000	0.504	54,000
<b>M&amp;I</b>	<b>3,780,000</b>	<b>0.52</b>	<b>43,600,000</b>	<b>0.84</b>	<b>69,800,000</b>	<b>0.538</b>	<b>65,500</b>
<b>Inferred</b>	<b>1,590,000</b>	<b>0.51</b>	<b>18,000,000</b>	<b>0.92</b>	<b>32,300,000</b>	<b>0.645</b>	<b>33,000</b>



# Jervois Brasil: São Miguel Paulista nickel-cobalt refinery

Refinery restart is under temporary slowdown, full reactivation planned subject to financing

## Refinery restart temporary slowdown

- Final investment decision and associated equity raise for SMP restart in November 2022
- Decrease in cobalt prices from ~US\$25/lb in November 2022 to ~US\$15/lb in February 2023 had material impact on Jervois' planned use of proceeds
- Pace of project revised with full reactivation subject to project-level financing

## Early works and procurement advanced in first quarter

- Suppliers of materials, equipment and services representing over 50% of restart capital expenditure identified and negotiated
- Main contractor selection completed, with assurance over conditions

## Commercial strategy continues to focus on feed sourcing

- Initial agreement for mixed hydroxide precipitate (“MHP”) feed supply to SMP announced in February 2023 from Gordes, Turkey (via Traxys)
- Current market for MHP at 68-71%<sup>1</sup>

## CBA agreement to defer final R\$62.5M acquisition tranche to June 2024

SMP site overview (São Paulo, Brazil)



SMP location



# JERVOIS INVESTMENT HIGHLIGHTS



**EV batteries require nickel and cobalt**

**Nickel and cobalt are critical minerals**

**Jervois assets are strategically important**

**Jervois portfolio is diversified**

**Jervois management is highly experienced**

**Balance sheet to underpin 2023 delivery**

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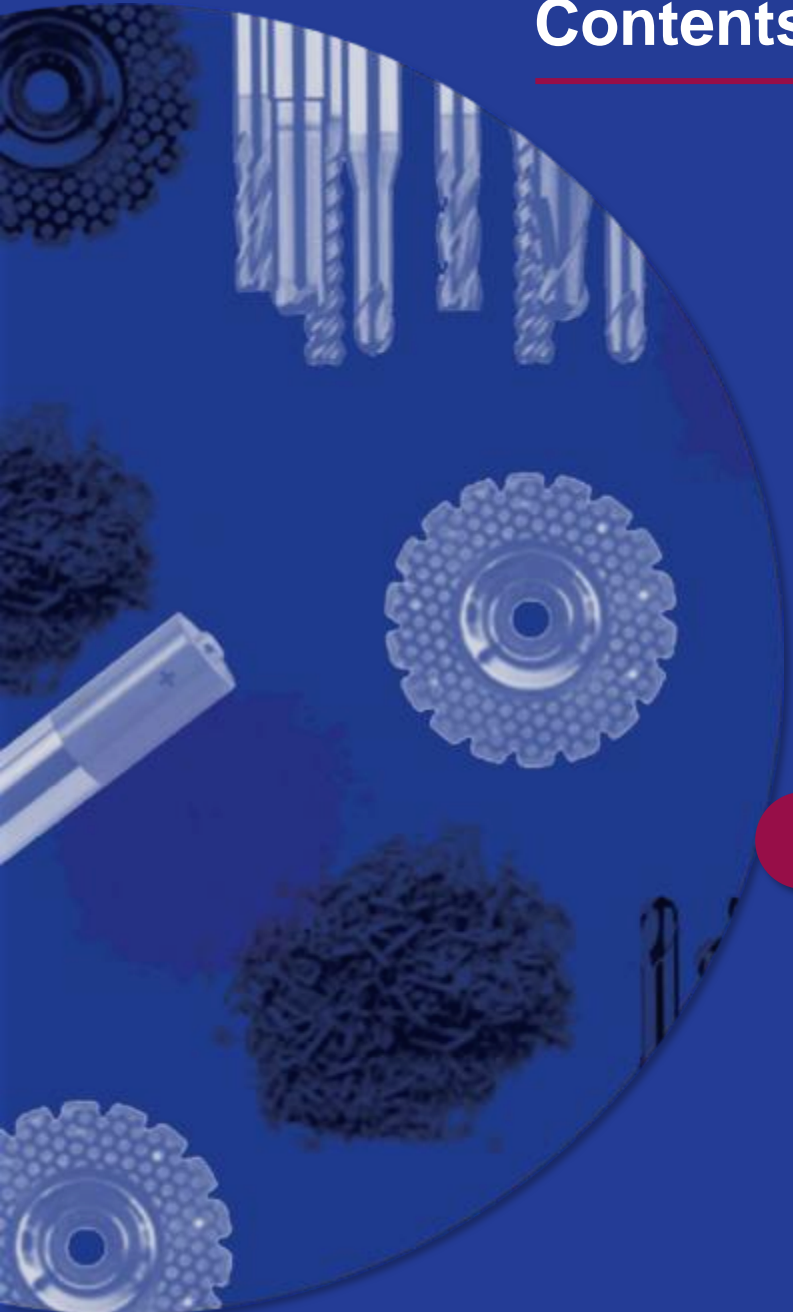
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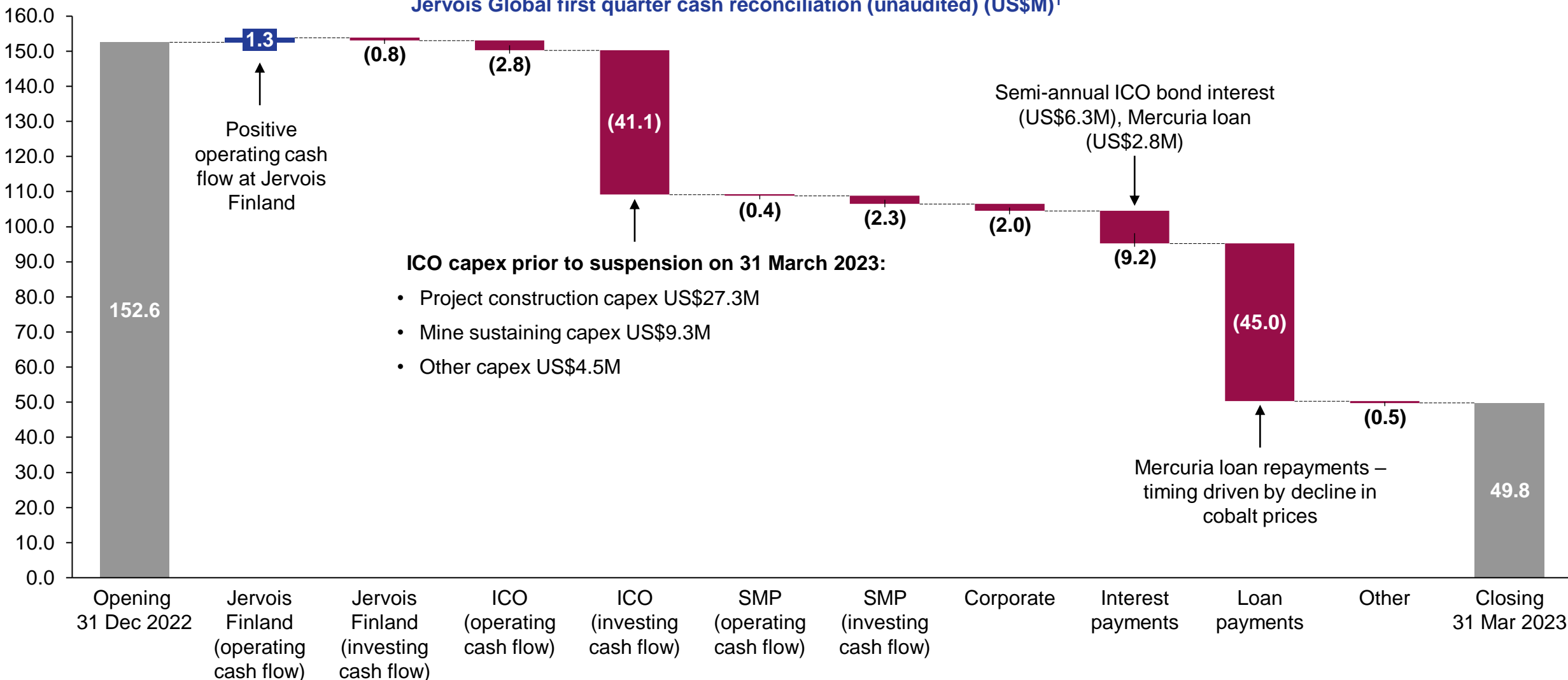




# Q1 2023 cash flow

Stabilisation of Jervois Finland cash flow, cash utilisation at ICO and debt reduction

Jervois Global first quarter cash reconciliation (unaudited) (US\$M)<sup>1</sup>

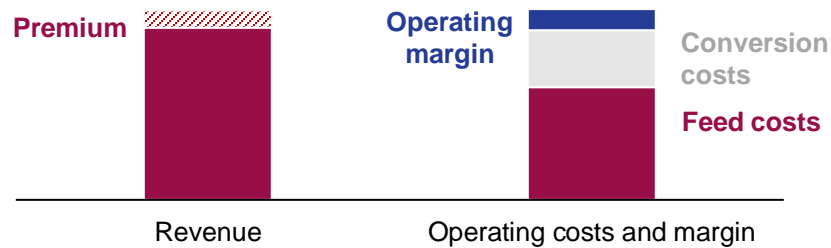


Note: 1) Chart shows cash flows as reported in the Appendix 5B to March 2023 – see ASX announcement dated 27 April 2023. All information is presented on a preliminary and unaudited basis.

# Jervois Finland economics resilient at low cobalt prices

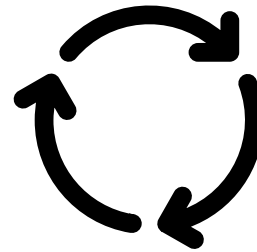
Illustrative economics in low and high cobalt price scenario

## Lower price scenario (illustrative)



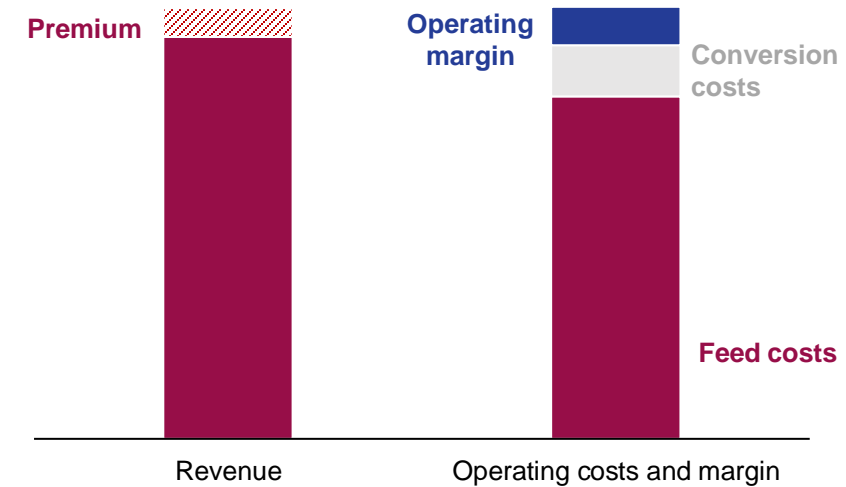
- Cobalt raw material feed pricing (payability) reduces when cobalt prices are lower
- Fixed margin tolling contracts and sales contract floor prices support downside protection
- Unit conversion cost higher if production is reduced in periods of weak demand

## Transition to lower/higher price environment



- Inventory position gains/losses impact to EBITDA
- Working capital increase/decrease impact to cash flow
- Price lag effect on revenue and mark-to-market impact on raw material purchases

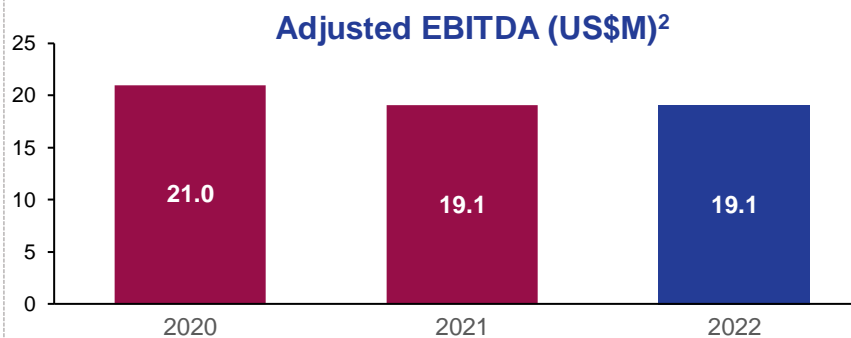
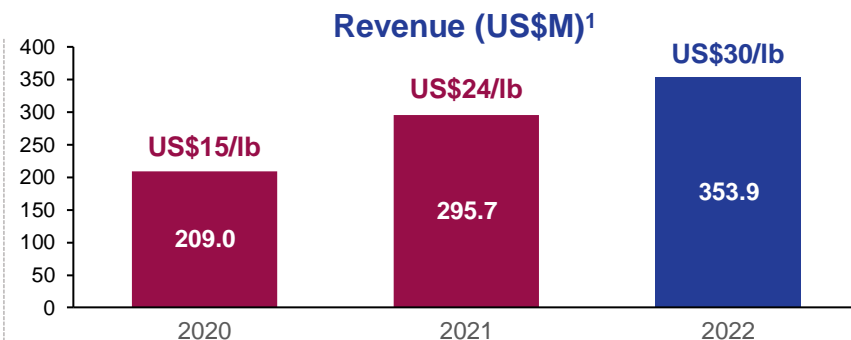
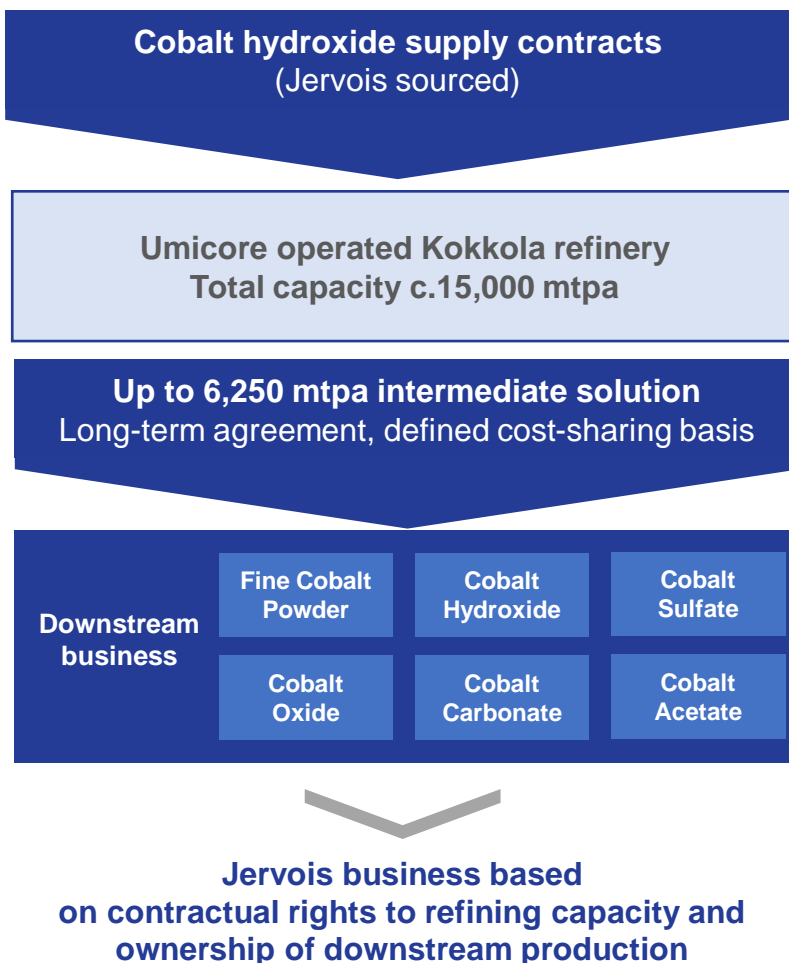
## Higher price scenario (illustrative)



- Cobalt raw material feed pricing (payability) increases when cobalt prices are higher
- Premiums expand at higher points in the price cycle
- Unit conversion cost lower if production is at capacity in periods of strong demand

# A global leader in cobalt-based advanced materials

## Jervois Finland overview



Working capital	Dec 2021	Dec 2022	Mar 2023
Cobalt price, qtr end (US\$/lb)	33.5	18.8	16.3
Cobalt inventory (mt <sup>3</sup> )	1,704	2,540	2,196
Net Working Capital (US\$M)	115	136	96

## Established global leader in cobalt-based advanced materials

- One of two major players active across all key markets globally
- Strategic asset – unique capabilities and market position hard to replicate
- Well diversified business serving customers in U.S., Europe and Japan

## Near-term focus on margin optimisation and inventory management

- EBITDA margin target ~10-15% through the cycle, influenced by price
- Staged unwind of excess inventories underway in 2023

## Kokkola refinery expansion BFS pivoted to U.S.

- Potential future development of 6,000 mt refinery capacity



# Jervois corporate review

## CAPITAL STRUCTURE <sup>1</sup>

	AMOUNT
Total issued shares	2,079M
Options / Performance Rights	100.3M
Share price	A\$0.115
Market cap (fully diluted)	US\$162.1M
Cash	US\$49.8M
Debt <sup>2</sup>	US\$170.0M
Enterprise Value	US\$282.3M

## OWNERSHIP

SUBSTANTIAL HOLDERS	OWNERSHIP
AustralianSuper	17.6%
Mercuria Energy Group	8.8%
Board and Management	2.2% (6.0% diluted)
Listings	ASX (JRV); TSX-V (JRV) OTCQX (JRVMF)

# ICO debt financing

ICO construction underpinned by 5 year US\$100M senior secured bond announced on 5 July 2021

<b>Issuer</b>	Jervois Mining USA Limited
<b>Guarantors</b>	Jervois Global Limited (ASX: JRV, the “Jervois”) and Formation Holdings US, Inc. (the “Intermediary Subsidiary”)
<b>Issue Amount</b>	US\$100M
<b>Interest Rate</b>	12.5% per annum, semi-annual interest payments
<b>Amortization</b>	Bullet
<b>Tenor</b>	5 years
<b>Call Options</b>	Non-callable for 3 years. Thereafter callable at par plus 62.5% of the coupon, declining ratably to par in year 5
<b>Transaction Security</b>	1st priority security over all material assets of the Issuer, pledge of all the shares of the Issuer, intercompany loans
<b>Financial Covenants</b>	Minimum Issuer Liquidity of no less than US\$5m Minimum Group Liquidity of no less than 10% of Total Debt Minimum Book Equity Ratio of no less than 35%
<b>Undertakings / Covenants</b>	Includes <i>inter alia</i> 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
<b>Change-of-Control</b>	Each Bondholder will have the right to put the Bonds at 101% upon a change in control of the Issuer
<b>Documentation / Trustee / Law</b>	Nordic Trustee template / Nordic Trustee / Norwegian

# Jervois Finland working capital facility

US\$75M working capital line in October 2021, increased to US\$150M in June 2022 for higher cobalt prices

<b>Borrowers and Guarantors</b>	Jervois Finland Oy and Jervois Suomi Holdings Oy
<b>Lender</b>	Mercuria Energy Trading SA
<b>Parent Guarantor</b>	Jervois Global Limited (ASX: JRV, the “ <b>Jervois</b> ”)
<b>Committed Facility Amount</b>	US\$150 million
<b>Interest Rate and Fees</b>	Interest Rate – LIBOR + 5.0% pa Commitment Fee (on undrawn amounts only) and Upfront Fee (once off only) – fees in line with market practice
<b>Use of Proceeds</b>	Working capital requirements at Jervois Finland. Up to US\$50 million may be utilised elsewhere in Jervois group
<b>Maturity</b>	Rolling Facility to 31 December 2024
<b>Transaction Security</b>	1st priority security over all material assets of Jervois Finland, including inventory, receivables, collection account, and shares in Jervois Finland
<b>Financial Covenants</b>	Minimum Group Liquidity of no less than 10% of Total Debt Minimum Book Equity Ratio of no less than 35%
<b>Undertakings / Covenants</b>	Includes inter alia specific restrictions and undertakings related to operations, mergers/de-mergers, ownership of Borrower, disposal of assets, Financial Indebtedness, Security and Financial Support; General undertakings and covenants common in facilities of this type; Mercuria to be first port of harbor for any working capital requirement
<b>Documentation / Law</b>	Market standard / English and Finnish