

# Jervois

*Building a leading independent cobalt  
and nickel company*

Q2 2022 RESULTS CALL

Friday 22 July 2022 (Australia)





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All dollar values are in United States dollars (US\$) and financial data is presented as at 30 June 2022, 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.

# Contents

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## 1. Highlights

## 2. Jervois Finland

## 3. Jervois USA (ICO), Jervois Brazil (SMP) and Corporate

## 4. Appendix

# Q2 2022 Highlights

Solid EBITDA result despite near-term volatility; continuing to deliver on development objectives

## Q2 2022 financial highlights (unaudited)

<b>Jervois Finland</b>	<b>Q2 2022</b>	<b>H1 2022</b>
Sales volumes – tonnes	1,139	2,585
Ave cobalt price (MB SG Low) – US\$/lb	37.8	36.5 <sup>4</sup>
Revenue – US\$M	91.2	196.3
Adjusted EBITDA <sup>1</sup> – US\$M	11.9	26.8
Adjusted EBITDA Margin – %	13.0	13.7
<b>Updated Guidance</b>	<b>CY 2022</b>	<b>Previous</b>
Forecast cobalt price – US\$/lb	27.50	39.75
2022 sales volume guidance – tonnes	5,500 to 5,750	5,750 to 6,000
2022 EBITDA guidance – US\$M	35 to 40	50 to 55
<b>Jervois Global</b>	<b>At 30 June</b>	
Cash (unrestricted) <sup>2</sup> – US\$M	57.6	
Net working capital, excluding cash – US\$M	157.5	
Debt drawn down (at 30 June 2022) <sup>3</sup> – US\$M	150.0	

## Q2 2022 key developments

**US\$11.9M adjusted EBITDA impacted by favourable feed cost realisation offset by lower sales volumes**

**ICO construction in final stage and cobalt and copper concentrate production expected end Q3 2022**

**SMP acquisition closed on 15 July 2022 – detailed execution planning for restart underway**

**Jervois Finland – BFS underway to expand cobalt refinery capacity at Kokkola**

# Contents



1. Highlights

**2. Jervois Finland**

3. Jervois USA (ICO), Jervois Brazil (SMP) and Corporate

4. Appendix

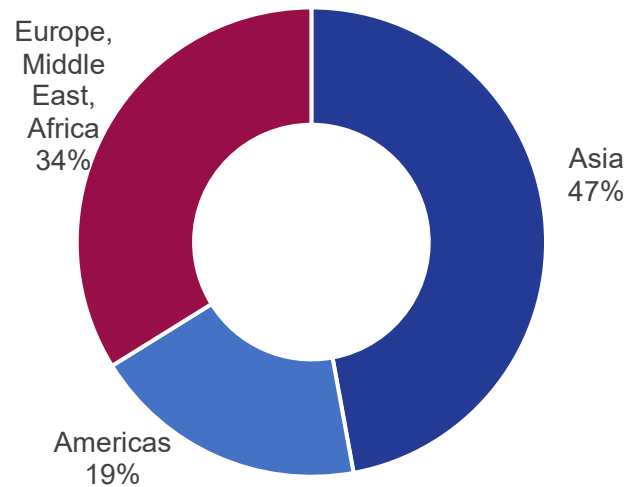
# Sales performance

Cobalt price decreased in late Q2 2022; Q2 sales volumes impacted by decreased short-term demand

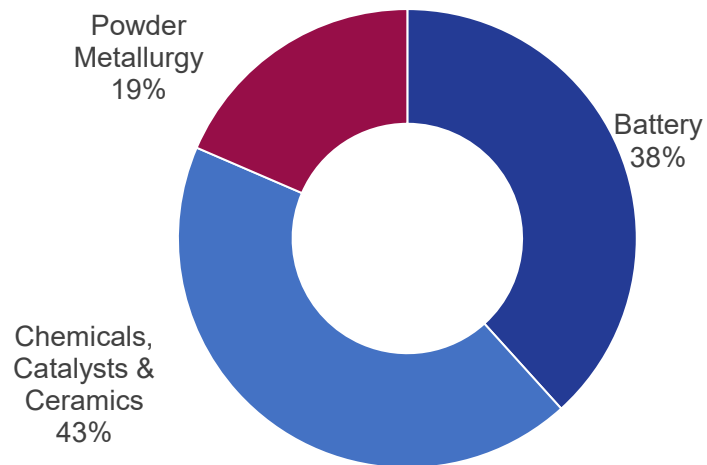
## Sales and marketing

- Covid shutdowns in China have led to short-term decrease in demand in the Li-ion battery sector
- Q2 2022 revenue US\$91M and sales volumes 1,139 tonnes; production 1,145 tonnes – annual maintenance shutdown in June
- Represents revenue decrease of 13% vs prior quarter, mostly driven by softer volumes
- Jervois targets reliable supply to customers through the cycle at optimised sale terms – inventory a key lever to achieve this objective

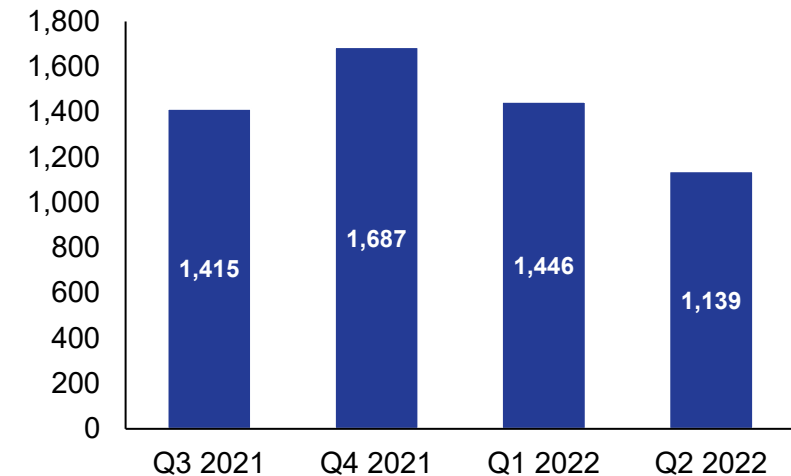
Revenue by region (2022 YTD Q2 2022)<sup>1</sup>



Revenue by segment (2022 YTD Q2 2022)<sup>1</sup>



Sales volume by quarter (tonnes)



# Market outlook

Falling prices and demand timing uncertainty have impacted short-term sentiment

## Chemicals, Catalysts & Ceramics

- Catalysts: consumption at lower rates than previous, but stabilising. Jervois continues to see new opportunities, specifically in North America later this year
- Chemicals: consumption in key applications such as copper electrowinning, rubber chemicals, animal feed, plating and specialty chemicals remains stable, although regional demand dynamics vary. Supply chain adjustments activity has resulted in delayed shipments. In Asian markets premiums are lower due to increased competition associated with Covid lockdowns in China triggering mass destocking of Chinese industry and cobalt trade
- Ceramics: demand for pigments production is slowing as producers mull the impact of significant energy cost increases and the falling cobalt price; pigment applications using cobalt are typically more elastic in nature, particularly relative to price inelasticity of other cobalt consuming industries. Cobalt usage in the smaller glass application segment remains stable



Pigments



Catalysts

## Powder Metallurgy

- Outlook for 2022 remains stable, but more customers are expressing concern regarding the last four months of the year as inflation rates increase and the possibility of a recession grows
- All markets remain stable except automotive which is variable dependent upon customer and geography; autos largely expected to remain this way until semiconductor availability improves
- Aerospace continues to incrementally improve, as outside of China the rest of the world and associated movement of persons and goods normalises post Covid



Hard metal tools



Diamond tools

## Batteries

- Short-term battery demand has softened, driven by Covid shutdowns in China
- In the current falling price environment there is very little spot demand for battery chemicals as customers wait for prices to stabilise
- Despite short-term volatility and supply chain destocking initiated by China, the medium- and longer-term trend of significant demand growth remains intact, with significant OEM (automaker) interest in expanding delivery commitments over time



Batteries

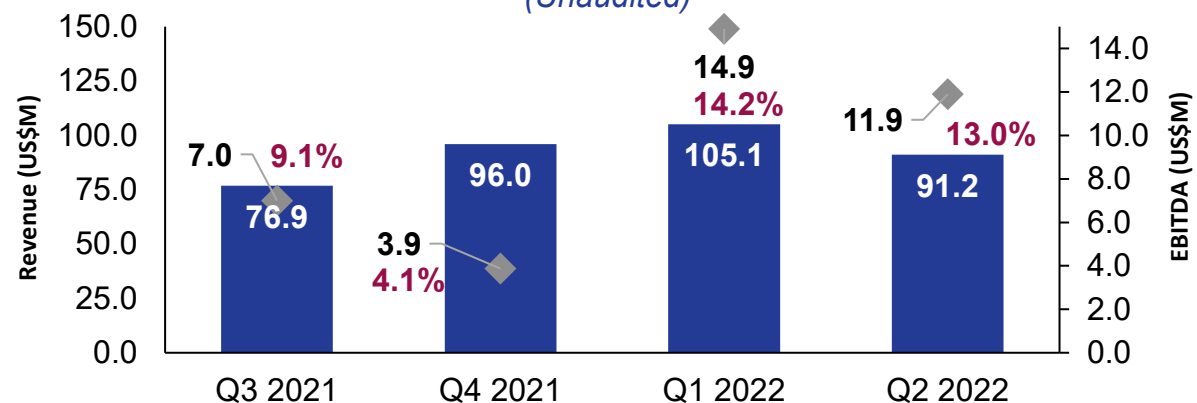


# Financial performance

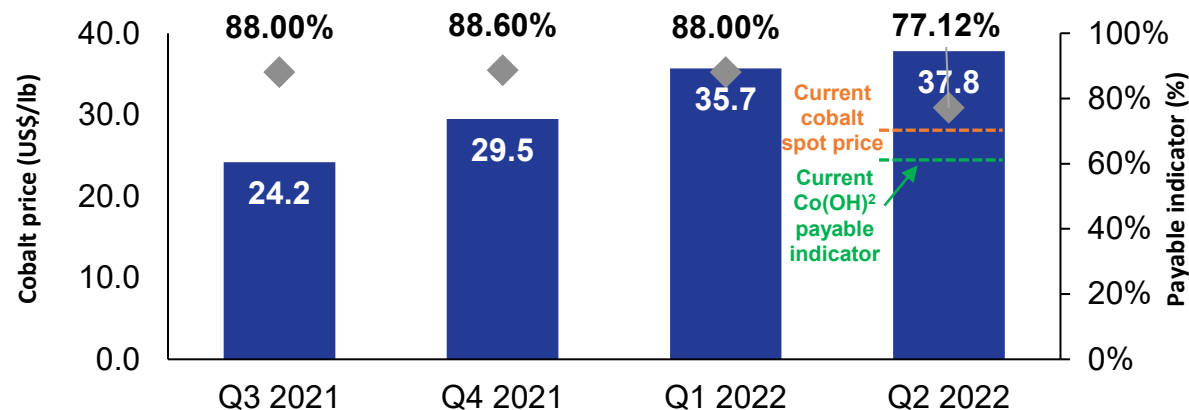
Robust financial result for Q2 2022 despite low sales volumes, business well placed to manage current volatility

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

(Unaudited)



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



## Volatile demand impacted cobalt prices and revenue

- Short-term factors driving recent price decline, Fastmarkets MB SG Low ~US\$26.95/lb and Fastmarkets MB cobalt hydroxide payable indicator 63.0% at 20 July 2022

## Realised feed costs and sales volumes impact Q2 EBITDA

- Q2 adjusted EBITDA of US\$11.9M impacted by:
  - Positive impact of relatively low realised feed costs in P&L during quarter
  - Positive impact of commodity prices lags and mark-to-market impacts on “open” purchase volumes in a declining cobalt price environment<sup>2</sup>
  - Negative impact of lower sales volumes on short-term demand weakness and impact of planned maintenance shutdown at Kokkola in June

## Business focussed on optimisation and growth

- Continued focus on managing supply chain risks, addressing cost inflation and optimising business for market conditions
- Jervois Finland BFS to expand cobalt refinery capacity; well-positioned to meet long-term demand growth



# Jervois Finland EBITDA guidance update

Weaker underlying demand and lower price underpins revised EBITDA guidance of US\$35M to US\$40M

	CY 2022 guidance update	Previous guidance
2H 2022 Cobalt price (Metal Bulletin Fastmarkets Standard Grade) – US\$/lb	27.50	39.75
CY2022 sales volumes guidance – tonnes	5,500 to 5,750	5,750 to 6,000
CY2022 EBITDA guidance – US\$M	35 to 40	50 to 55



*Chemical plant at Jervois Finland*

## CY2022 EBITDA guidance revised to US\$35.0M to US\$40.0M

- Based on actual cobalt price (Metal Bulletin Fastmarkets Standard Grade) of US\$36.70/lb for Q1 to Q2 2022, and a US\$27.50/lb price assumption for 2H 2022
- Lower sales guidance principally due to weaker end use demand in key end use segments
- Higher than average feed cost realisation in the profit and loss account in second half (lower than average in first half)
- Guidance assumes constant prices for 2H 2022 – price volatility in the period will impact actual EBITDA outcome



*Finished goods inventory at Jervois Finland*

# Working capital overview

Jervois Finland working capital peaking at 30 June

	31 March 2022 Unaudited	30 June 2022 Unaudited
Cobalt price at end qtr – actual, US\$/lb <sup>1</sup>	39.0	31.5
Trade accounts receivable – US\$M	43	36
Product inventory – US\$M	107	170
Other inventory – US\$M	7	7
Accounts payable – US\$M	(27)	(59)
Other (net) – US\$M	(5)	8
<b>Net Working Capital<sup>2</sup></b>	<b>125</b>	<b>162</b>
Cobalt inventories at quarter end – tonnes	1,511	2,491
Last 12 months sales volume – tonnes	5,680	5,692
<b>Inventory cover (days)</b>	<b>97</b>	<b>160</b>

## Market conditions and catch up of raw materials supply backlog drivers of higher working capital

- Cobalt hydroxide supply catch up follows logistical interruptions over past 12 months
- Total inventory volumes temporarily in excess of target levels
- Impact of declining cobalt prices takes time to translate into decreased working capital
- Net increase of US\$37M in quarter – key drivers inventory and accounts payable

## Increase funded from operating cash flow and draw down from Mercuria facility

- US\$25.0M drawn down from Mercuria facility in June 2022 including to buffer temporary working capital increase

## Working capital expected to normalise during second half

- Management focus to balance supply chain risk, commercial objectives and liquidity management

# Contents



1. Highlights

2. Jervois Finland

3. Jervois USA (ICO), Jervois Brazil (SMP) and Corporate

4. Appendix



# Jervois USA: Idaho Cobalt Operations

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



Surface construction at ICO (June 2022)

## Project construction on track

- US\$25.6M capital expenditure in Q2 2022 (US\$66.9M project-to-date)
- US\$100.0M in financial commitments, inclusive of actual expenditure
- Mill and concentrator building construction continues (SAG mill, ball mill and crusher are each in place)
- Mining now focused on access decline, ore access and productivity
- Accommodation camp construction almost complete
- Infill and resource expansion drilling programme continues, with multiple infill holes completed in the quarter
- Second US\$51M drawdown from bond financing completed on 20 July 2022

## Operational readiness advancing

- 30+ ICO staff in place, management team complete and substantial technical roles filled
- First fills, critical spares, logistics, and safety system development underway



# Jervois Brazil: São Miguel Paulista nickel-cobalt refinery

Acquisition closed on 15 July 2022; detailed engineering underway for planned restart

## SMP acquisition closed on 15 July 2022

- São Paulo City Hall Permit received in early July – key condition precedent to transaction close
- Transaction close triggered cash payment of R\$47.5M, made on 15 July 2022
- Post-acquisition integration activities have commenced

## Detailed engineering underway for planned restart

- Technical team at site to undertake detailed engineering ahead of final investment decision for Stage 1 restart of SMP
- Stage 1 forecast production of 10,000mtpa and 2,000mtpa of refined nickel and cobalt metal cathode, respectively
- First commercial production from SMP's Stage 1 restart is expected late 2023
- Stage 1 BFS including POX for sulphide concentrates due end Q3 2022
- Switch of engineering focus to debottlenecking, accelerated restart and enhancing nickel through-put capacity associated with Stage 1
- Targeted return to full 25,000mtpa refined nickel production, but with immediate focus on accelerated restart timing, risk optimisation and a staged, capital efficient approach

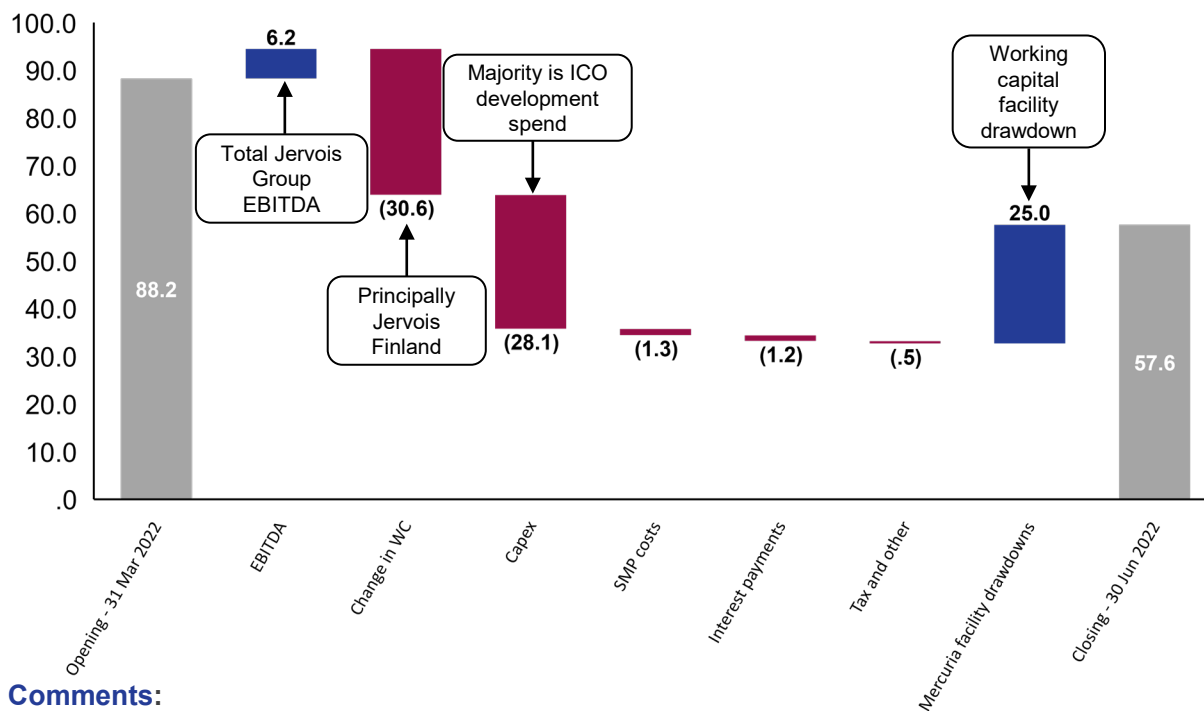


*SMP refinery entrance, São Paulo, Brazil*

# Corporate

Continuing to support business delivery and development of the global platform

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



**Comments:**

- EBITDA consists of +US\$11.9M (Adjusted) from Jervois Finland offset by expenditure associated with other Group activities
- Capital expenditure principally relates to the development of ICO, with US\$25.6M spent during the quarter
- Closing cash balance included US\$7.7M ringfenced within Jervois Mining USA exclusively for development of ICO in accordance with the Bond Terms

**Balanced financing strategy supporting business objectives**

- Mercuria working capital facility limit increased from US\$75M to US\$150M in June 2022 – creates additional flexibility
- US\$25M drawdown in Q2 2022 to support working capital management and to meet SMP closing payment
- Second Release from ICO Senior Secured Bonds completed on 20 July 2022 (US\$51M drawdown from the Escrow Account)

**Continuing to develop the global platform**

- Systems implementation programme progressing on track – ‘go live’ on SAP in Jervois Finland in early July

**Cash and debt summary (unaudited) – US\$M**

	30 Jun 2022	31 Mar 2022
Cash - unrestricted	57.6	88.2
Cash – incl. restricted (ICO Senior Secured Bonds)	114.9	145.5
Debt - US\$150M working capital facility (Mercuria) <sup>2</sup>	100.0	75.0
Debt - US\$100M ICO Senior Secured Bonds <sup>2</sup>	100.0	100.0



# Summary

Robust result in the face of headwinds; business fundamentals and medium-term outlook remain strong

## ✓ Robust financial result for the quarter

- Solid Jervois Finland adjusted EBITDA of US\$11.9M despite short-term volatility
- Lower cobalt prices underpin revision to 2022 EBITDA guidance
- Medium-term trend of significant cobalt demand growth remains intact

## ✓ Delivering on development objectives

- ICO on-track for commissioning and ramp up in the second half
- Acquisition of SMP nickel-cobalt refinery closed on 15 July 2022
- Execution planning for SMP restart is advancing
- BFS for cobalt refinery capacity expansion underway at Jervois Finland

## ✓ Financial strength and flexibility

- US\$57.6M cash at 30 June 2022; US\$51M bond drawdown in July 2022
- Mercuria facility limit increased to US\$150M to provide additional flexibility



# Contents

---

**1. Highlights**

**2. Jervois Finland**

**3. Jervois USA (ICO), Jervois Brazil (SMP) and Corporate**

**4. Appendix**

# 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	37.8	39.5	39.4	34.7
Month end Co price - US\$/lb	39	39.8	39.4	31.5
Open purchase volumes at month end (illustrative) – tonnes	250	250	250	250
Value of open purchases, assuming 75% payability (illustrative) - US\$M	16.1	16.5	16.3	13.0
<b>Mark-to-market of open purchases - illustrative impact to EBITDA - US\$M</b>	-	<b>-0.3</b>	<b>0.2</b>	<b>3.3</b>
Monthly average sales volume (illustrative) – tonnes	-	500	500	500
Notional revenue, excluding premia - US\$M (pricing: 100% M, 0% M-1)	-	44	43	38
Notional revenue, excluding premia - US\$M (pricing: 50% M, 50% M-1)	-	43	43	41
<b>Price lag effect on revenue - illustrative impact to EBITDA - US\$M</b>	-	<b>-0.9</b>	<b>0.1</b>	<b>2.6</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.

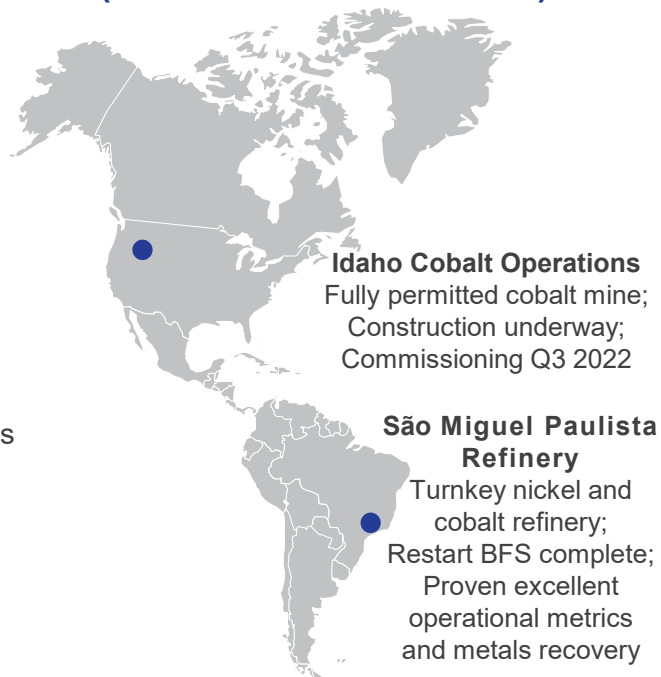


# Growing a leading nickel and cobalt company

Development assets enhance the security of global critical mineral supply chains

## 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



## Supported by operating cobalt business

- 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
- BFS underway to increase capacity to at least 12,250 tonnes refined cobalt



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

**São Miguel Paulista**  
(Brazil, Ni/Co refinery, Stage 1 restart targeted for 2023)

**Contractual rights to c. 40% refinery capacity**

(Finland, expansion BFS underway)

**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, 14)

Historical financial information for Jervois Finland prior to acquisition by Jervois Global Limited on 1 September 2021 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 2021 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 actual results for January to June and forecast results for July to December. The forecast period includes an assumption of a forecast quoted cobalt price of US\$27.50/lb. Other forecast assumptions, including production, sales plans, costs and exchange rates are based on Jervois’ internal estimates.



US\$M	2021 (proforma)	Q1 2022 (unaudited)	Q2 2022 (unaudited)	YTD 2022 (unaudited)
EBITDA	18.3	14.2	11.4	25.6
One-off integration costs	0.7	0.7	0.5	1.2
<b>Adjusted EBITDA</b>	<b>19.0</b>	<b>14.9</b>	<b>11.9</b>	<b>26.8</b>