

# Jervois

*Building a leading independent cobalt  
and nickel company*

Q3 2022 RESULTS CALL

Friday 21 October 2022 (Australia)



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All dollar values are in United States dollars (US\$) and financial data is presented as at 30 September 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 and Slide 20.

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## Q3 2022 highlights

Continuing the journey to create a unique platform in cobalt and nickel

**Commenced commissioning at ICO, the only primary cobalt mine in the United States**

**+23% increase in quarterly sales volumes at Jervois Finland – platform for continued momentum into 2023**

**Progression of detailed engineering for SMP refinery restart in Brazil; Stage 1 environmental licence received**

**United States announced Inflation Reduction Act in September 2022 – significant for critical minerals producers**

# Q3 2022 financial overview

Resilient year-to-date financial performance

**Group Revenue (YTD)**

**US\$280.9 million**

Q3 2022: US\$84.6 million

**Group NPAT<sup>2</sup> (YTD)**

**-US\$22.6 million**

Q3 2022: -US\$25.5 million

**Cash at quarter end**

**US\$52.3 million**

Q2 2022: US\$57.6 million

**Jervois Finland  
Adjusted EBITDA (YTD)<sup>1</sup>**

**US\$26.2 million**

Q3 2022: -US\$0.6 million

**Cobalt sales volume (YTD)**

**3,992 mt<sup>3</sup>**

Q3 2022: 1,407 mt

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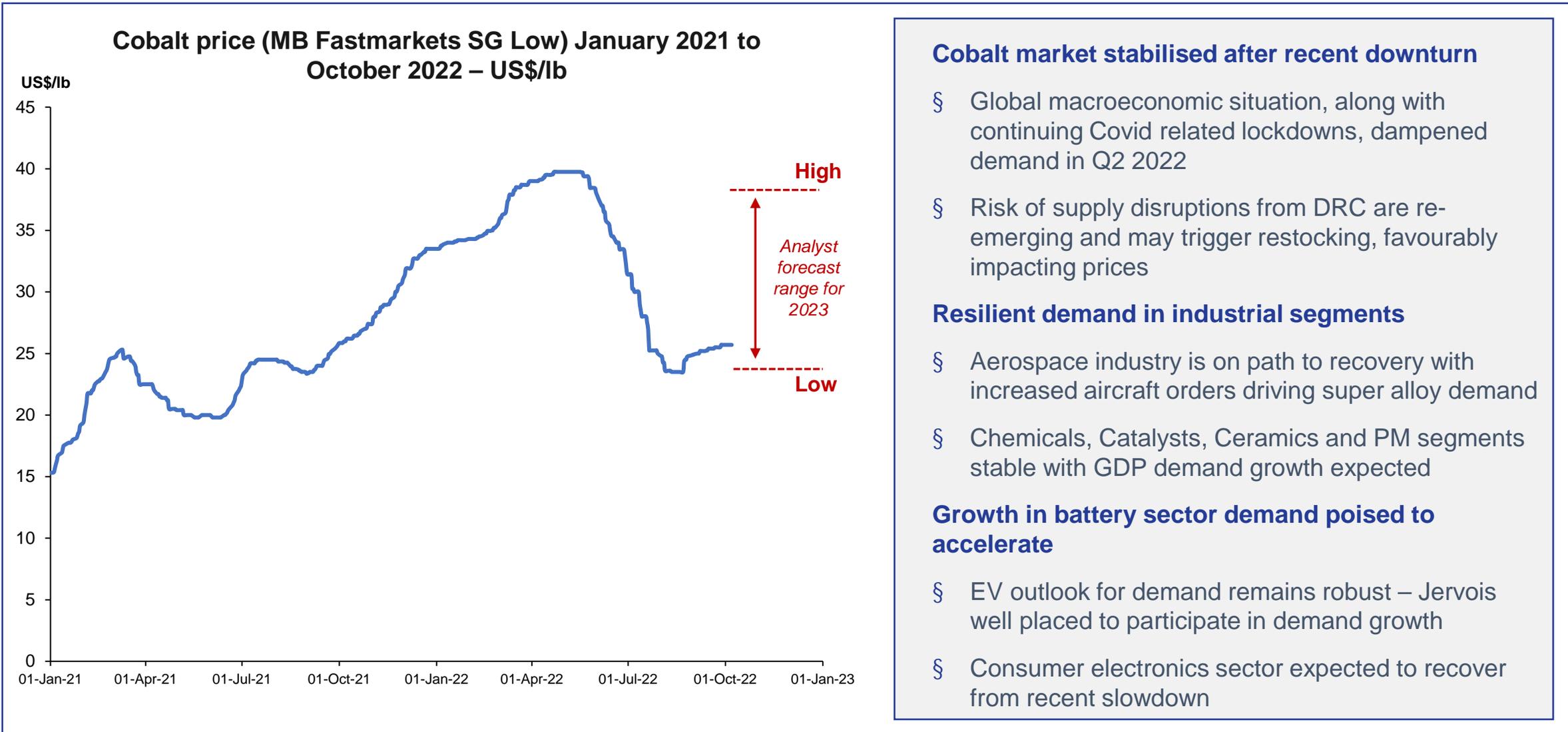
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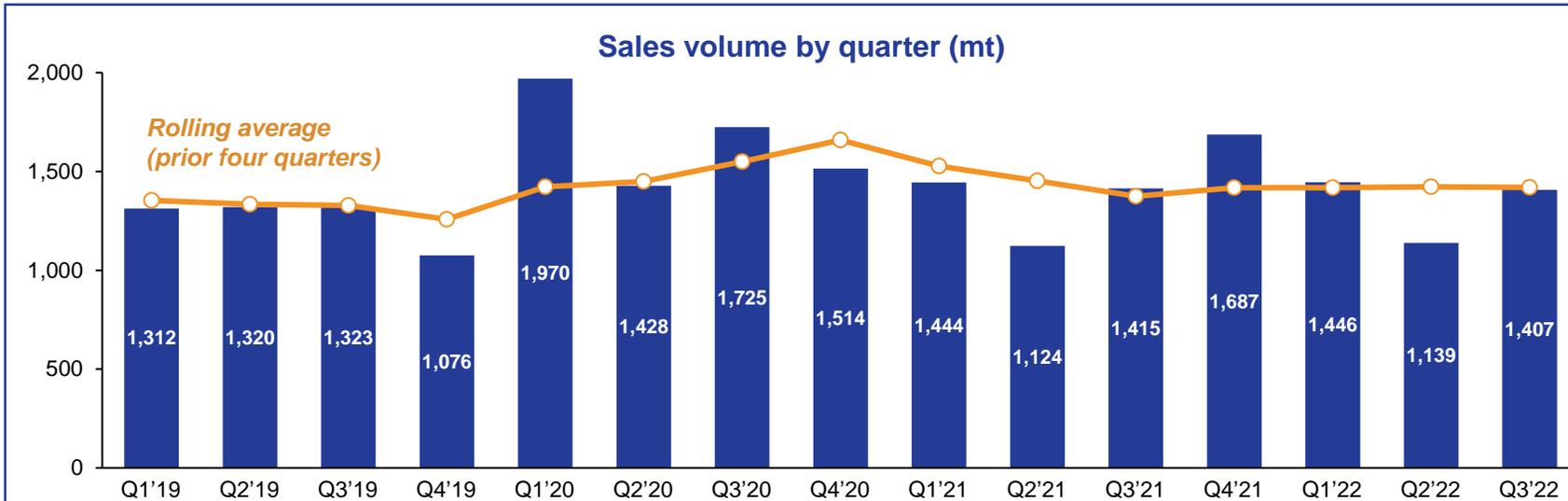
# Cobalt markets

Cobalt price stabilised and then consolidated in Q3 - outlook remains positive for 2023 and beyond



# Sales performance

Sales volumes increased +23% compared to prior quarter



## Sales volumes higher for the quarter

§ Sales volumes 1,407 mt (production: 1,586 mt)

§ Q3 2022 revenue US\$85M (Q2 2022: US\$91M)

## Disciplined approach to inventory management

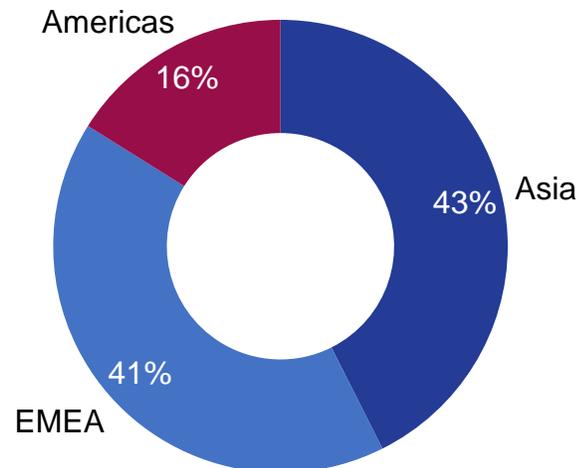
§ Inventories continue to be above target levels

§ Pace of inventory reduction optimised for market conditions

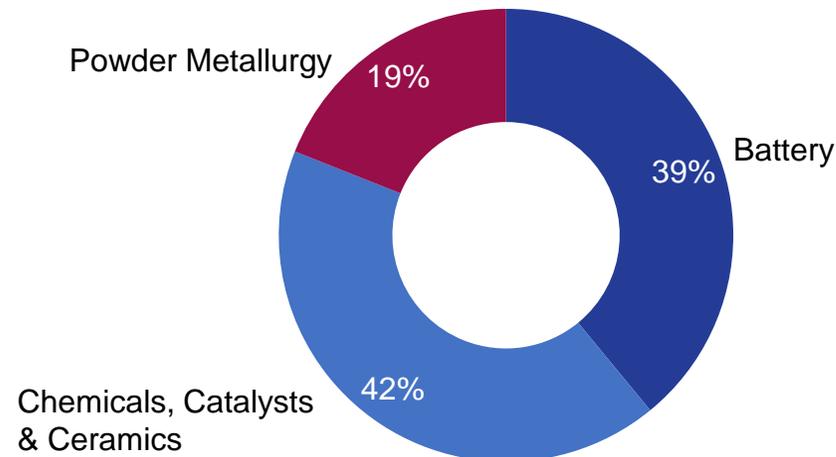
## Development initiatives underpinning future growth

§ Expanding and deepening relationships in high-growth battery segment

**Revenue by region (2022 YTD Q3 2022)<sup>1</sup>**

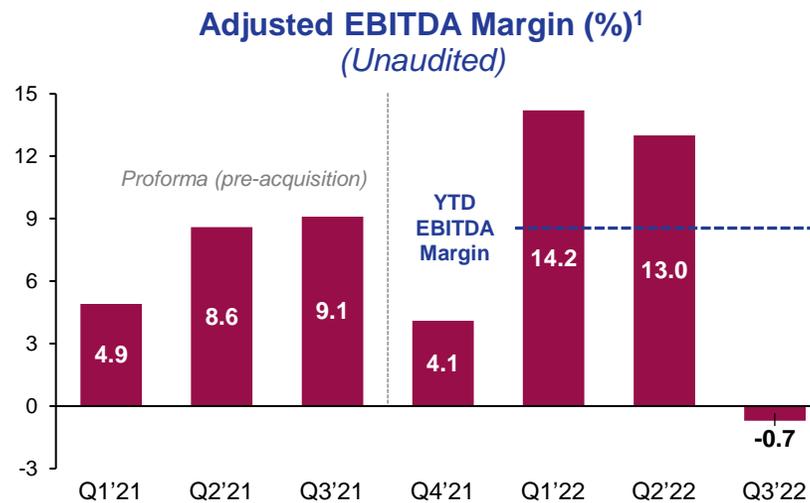
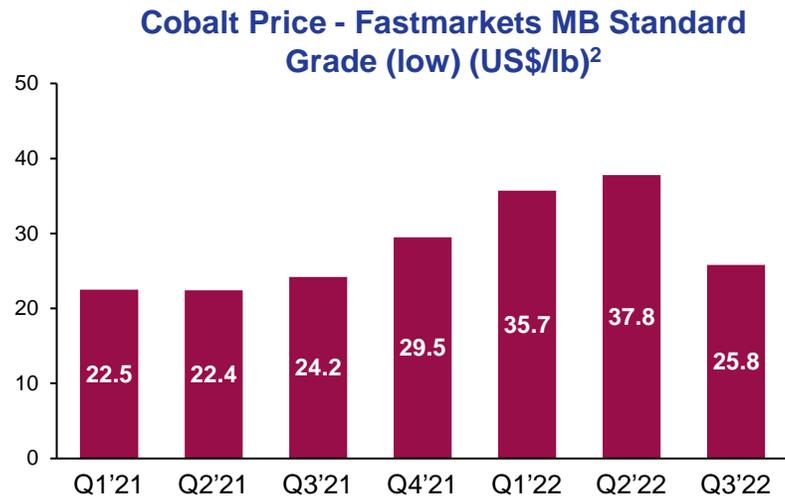
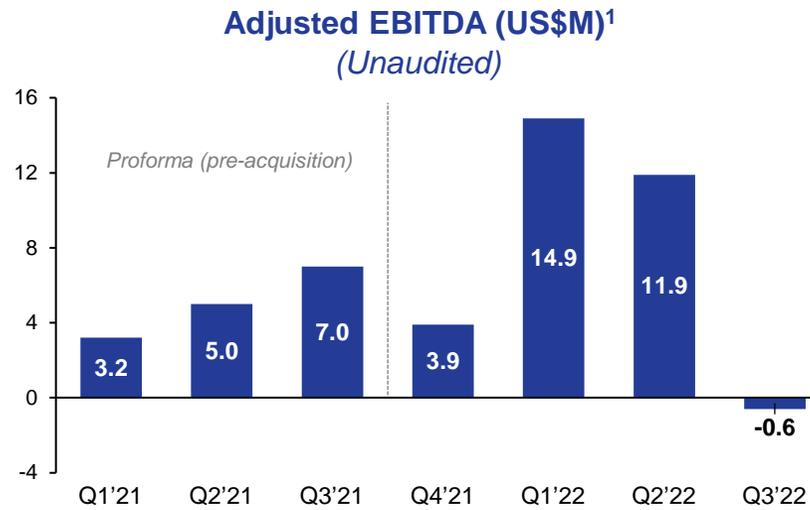
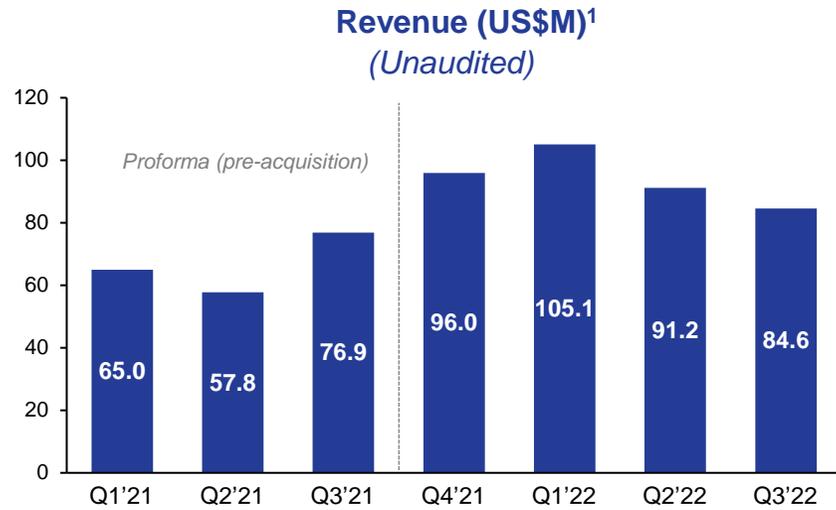


**Revenue by segment (2022 YTD Q3 2022)<sup>1</sup>**



# Jervois Finland financial performance

Strong revenue performance in the quarter



## Price volatility impacted Q3 Adjusted EBITDA

- § Higher cost feed purchased in prior periods impacting current quarter EBITDA
- § Margins expected to start to normalise in Q4 2022 if cobalt prices are stable
- § Action underway to address cost inflation pressures

## 2022 guidance range updated for recent market conditions

- § Full year sales volumes 5,400 to 5,600 mt (previous 5,500 to 5,750 mt)
- § Adjusted EBITDA US\$27.5M to US\$32.5M<sup>3</sup> (based on forecast cobalt price of US\$25.0/lb)

# Working capital overview

Pace of inventory reductions aligned to cobalt market conditions to maximise value

	Q1 2021 <i>Unaudited</i>	Q2 2021 <i>Unaudited</i>	Q3 2021 <i>Unaudited</i>	Q4 2021 <i>Unaudited</i>	Q1 2022 <i>Unaudited</i>	Q2 2022 <i>Unaudited</i>	Q3 2022 <i>Unaudited</i>
Cobalt price at quarter-end (actual, US\$/lb) <sup>1</sup>	22.5	22.4	25.8	33.5	39.0	31.5	25.7
Cobalt inventory: raw materials (mt)	199	436	191	402	178	1,254	1,015
Cobalt inventory: finished goods (mt)	1,271	1,371	1,502	1,309	1,139	1,144	1,488
<b>Cobalt inventory: total (mt)<sup>3</sup></b>	<b>1,361</b>	<b>1,732</b>	<b>1,678</b>	<b>1,704</b>	<b>1,511</b>	<b>2,491</b>	<b>2,687</b>
<b>Net Working Capital – US\$M<sup>2</sup></b>	<b>74</b>	<b>98</b>	<b>94</b>	<b>115</b>	<b>125</b>	<b>162</b>	<b>163</b>

§ Total inventory volumes at ~160 days remain in excess of target levels (90 to 110 days)<sup>4</sup>

§ Cobalt hydroxide supply catch-up followed significant logistics interruptions over past 12 months

§ Staging the inventory unwind into 2023 is optimal – preserves value in periods where market has been relatively illiquid and supports management of near-term risks around raw materials supply

§ Cash released from lower working capital expected to be used to meet partial repayment of the Mercuria working capital facility

§ Inventories stated at Net Realisable Value (“NRV”) at 30 September 2022 – US\$17.3M accounting adjustment (cost) recorded

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# Jervois USA: Idaho Cobalt Operations

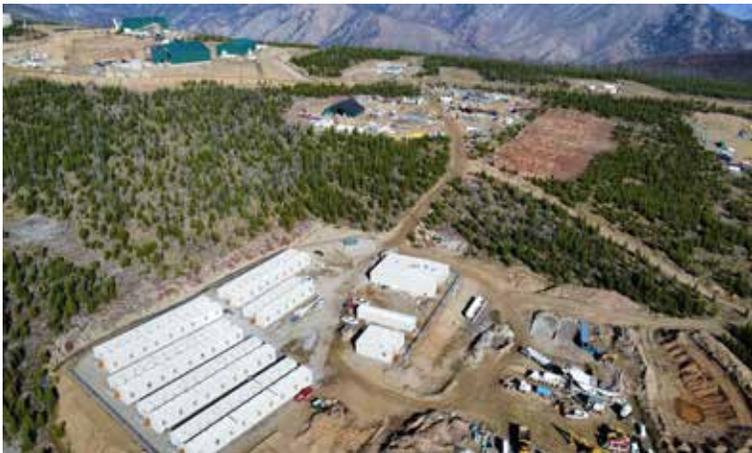
Plant commissioning commenced, ramp-up on track for sustainable nameplate production by end Q1 2023



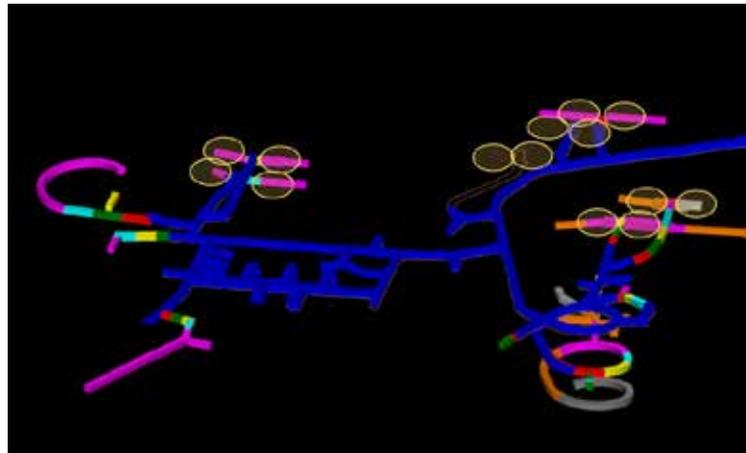
*Surface construction (October 2022)*



*Official opening (7 October 2022)*



*Accommodation camp (October 2022)*



*Mining prepared for ore delivery (October 2022)*

## Official opening occurred on 7 October

- § ICO is the only primary cobalt mine in the United States
- § Opening had strong support from U.S. and Australian political leadership

## Initial commissioning underway

- § US\$24.1M capital expenditure in Q3 2022 (US\$91.0M project-to-date); on track with US\$107.5M budget
- § Ore delivery prepared for plant commissioning – completing critical infrastructure
- § Commercial concentrate production expected in Q4 2022
- § Jervois optimising near term operating plans, U.S. inflationary environment
- § 28,000 feet of drilling completed for infill and expansion drilling program

**Inflation Reduction Act significant for U.S. based critical minerals producers**

# Jervois Brazil: São Miguel Paulista nickel-cobalt refinery

Restart readiness activities advancing

## 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

## Restart readiness activities advancing

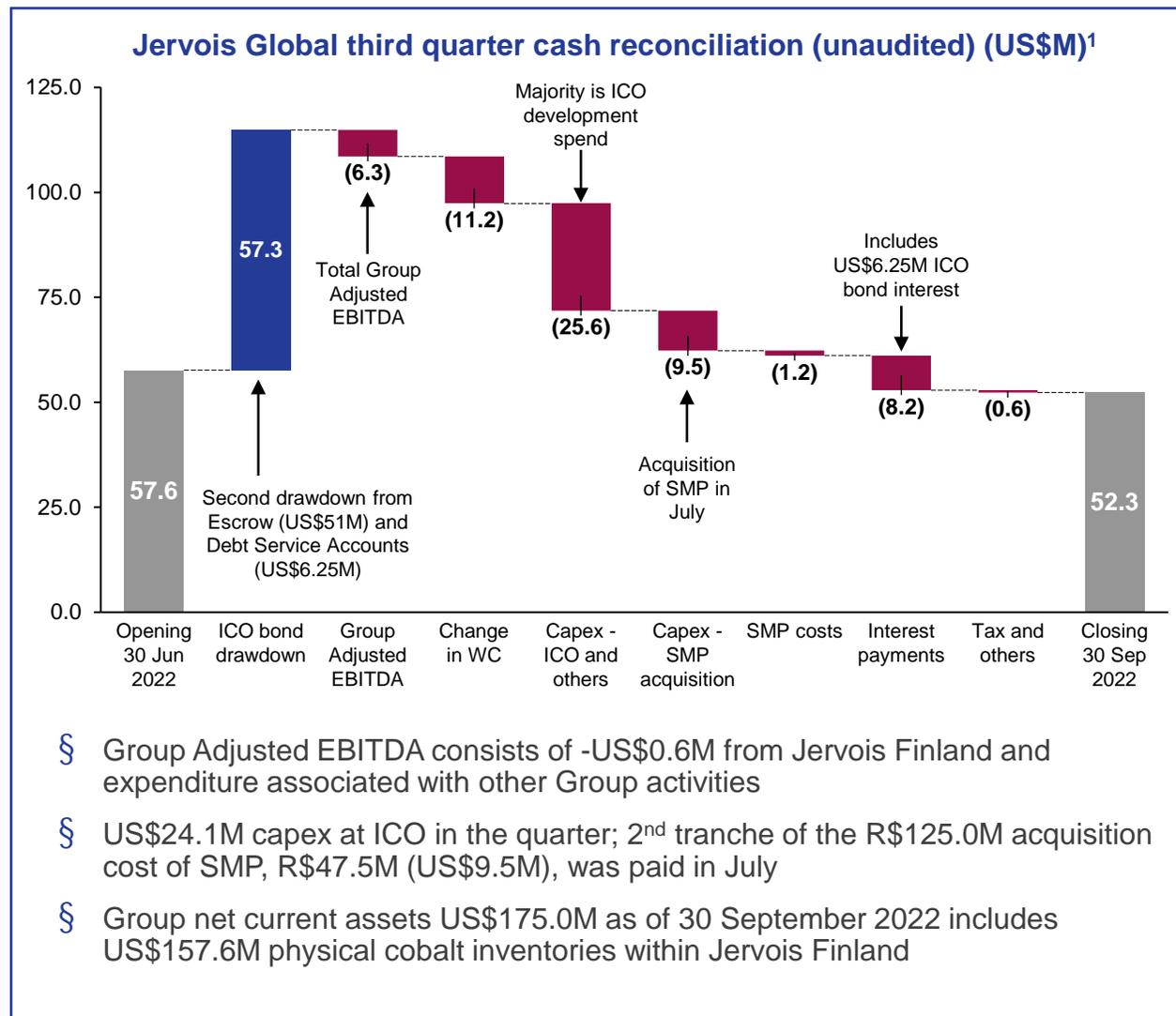
- § Detailed engineering and execution planning advancing in partnership with Ausenco
- § Commercial strategy advancing with increased confidence in future attractive supply of nickel intermediate products
- § Environmental licence received from São Paulo State for construction of the Stage 1 restart
- § POX Feasibility Study now expected end Q4 2022 – scope linked with third party concentrate sale negotiations
- § Final investment decision expected in Q4 2022



*SMP refinery entrance, São Paulo, Brazil*

# Corporate

Balance sheet underpins development of a multi-asset portfolio



## Second drawdown from ICO Senior Secured Bonds underpinned final construction stage

- § US\$51M drawdown from the Escrow Account from ICO Senior Secured Bonds completed on 20 July 2022
- § US\$6.25M ICO Senior Secured Bonds interest payment made in July

## Cash release expected from Jervois Finland working capital reductions - matched to pace of inventory unwind

- Anticipated cash release from inventory reductions expected to be used to partially repay Mercuria loan

Cash and debt summary (unaudited) – US\$M	30 Sep 2022	30 Jun 2022
Cash - unrestricted	52.3	57.6
Cash – incl. restricted (ICO Senior Secured Bonds)	52.3	114.9
Debt - US\$150M working capital facility (Mercuria) <sup>2</sup>	100.0	100.0
Debt - US\$100M ICO Senior Secured Bonds <sup>2</sup>	100.0	100.0

# Summary

Continuing to deliver the milestones to create a global platform exposed to EV demand growth

## Ü Jervois Finland performance stable following period of price volatility

- +23% increase in quarterly sales volumes in Q3
- Resilient financial performance in year-to-date with EBITDA US\$26.2M
- Disciplined approach to unwind of excess inventories
- Cobalt market outlook positive for 2023 as EV demand growth accelerates

## Ü ICO - the only primary cobalt mine in the United States – is now in commissioning phase

## Ü Acquisition of SMP refinery in Brazil completed – focus pivoting to restart execution

## Ü Group net current assets US\$175M at 30 September 2022

- US\$52.3M cash as of 30 September 2022; cobalt inventories ~2,700 mt (US\$157.6M)
- Cash release expected from Jervois Finland working capital, matched to pace of inventory unwind

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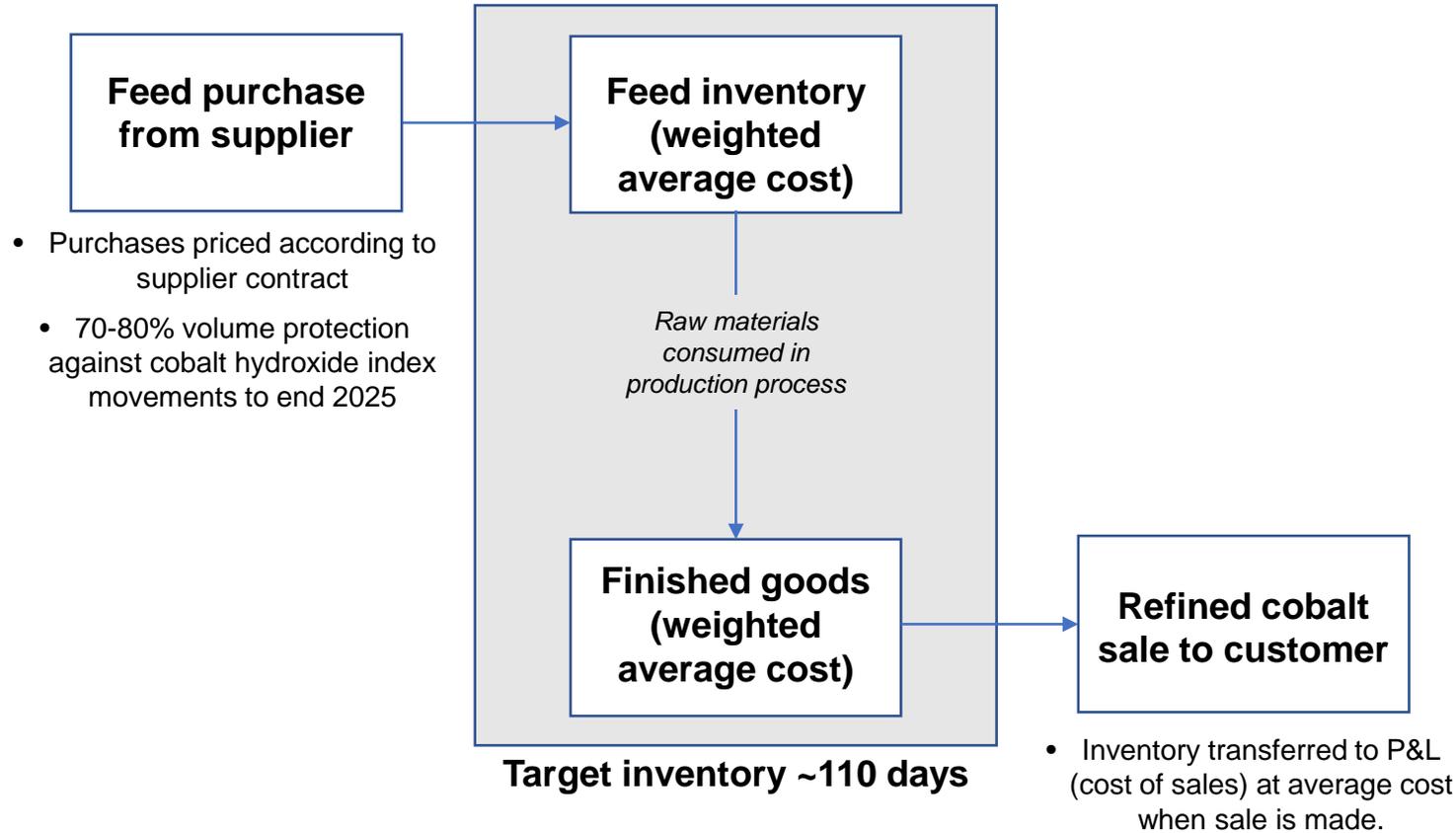
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# Jervois Finland inventory accounting

Accounting method, price environment and supply contracts impact how feed costs are realised in the P&L

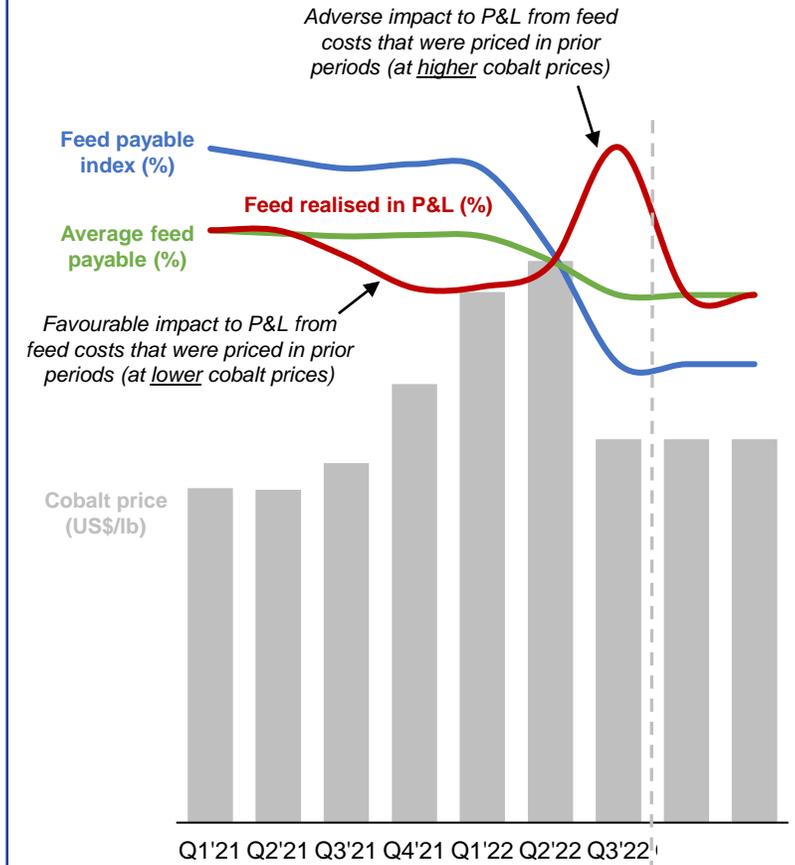
## Transaction flow from cobalt feed purchase to realisation in profit and loss account



- Proportion of inventory “open” with no price risk

- Proportion of inventory is “priced” and exposed to price risk = long position through the cycle

## Impact of cobalt price and feed cost movements (illustrative analysis)



# 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	34.7	27.9	24.0	25.3
Month end Co price - US\$/lb	31.5	25.0	24.9	25.7
Open purchase volumes at month end (illustrative) – mt	250	250	250	250
Value of open purchases, assuming 75% payability (illustrative) - US\$M	13.0	10.3	10.3	10.6
<b>Mark-to-market of open purchases - illustrative impact to EBITDA - US\$M</b>	-	<b>2.7</b>	<b>0.0</b>	<b>-0.3</b>
Monthly average sales volume (illustrative) – mt	-	500	500	500
Notional revenue, excluding premia - US\$M (pricing: 100% M, 0% M-1)	-	31	26	28
Notional revenue, excluding premia - US\$M (pricing: 50% M, 50% M-1)	-	35	29	27
		<b>3.7</b>	<b>2.1</b>	<b>-0.7</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.

# Basis of preparation of financial information

## Reconciliation of NPAT to EBITDA and Adjusted EBITDA

EBITDA is a non-IFRS financial measure. EBITDA is presented as net income after adding back interest, tax, depreciation and amortisation, and extraordinary items. Adjusted EBITDA represents EBITDA 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, NRV adjustments to inventories (or reversals)<sup>1</sup>, and one-off costs related to post-acquisition integration.

Jervois Global Group US\$M	H1 2022 (unaudited)	Q3 2022 (unaudited)	YTD 2022 (unaudited)
<b>NPAT</b>	<b>2.9</b>	<b>(25.5)</b>	<b>(22.6)</b>
Interest (net)	3.1	2.1	5.2
Tax	2.5	(4.2)	(1.7)
Depreciation and amortisation	6.1	3.4	9.5
Net FX gain/loss	0.8	0.3	1.1
<b>EBITDA</b>	<b>15.4</b>	<b>(23.9)</b>	<b>(8.5)</b>
One-off integration costs	1.2	0.2	1.4
NRV adjustment to inventories	-	17.3	17.3
<b>Adjusted EBITDA</b>	<b>16.6</b>	<b>(6.4)</b>	<b>10.2</b>

Jervois Finland US\$M	H1 2022 (unaudited)	Q3 2022 (unaudited)	YTD 2022 (unaudited)
<b>NPAT</b>	<b>12.9</b>	<b>(20.2)</b>	<b>(7.3)</b>
Interest (net)	3.7	2.9	6.6
Tax	2.5	(4.2)	(1.7)
Depreciation and amortisation	5.5	2.7	8.2
Net FX gain/loss	1.0	0.7	1.7
<b>EBITDA</b>	<b>25.6</b>	<b>(18.1)</b>	<b>7.5</b>
One-off integration costs	1.2	0.2	1.4
NRV adjustment to inventories	-	17.3	17.3
<b>Adjusted EBITDA</b>	<b>26.8</b>	<b>(0.6)</b>	<b>26.2</b>

# Basis of preparation of financial information

## Historical and forecast financial information

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 Limited on 1 September 2021 is presented on a proforma basis for illustrative purposes only.

Financial information presented for periods after the acquisition on 1 September 2021 is prepared under Jervois Global 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 Group consolidated financial statements. Information presented is unaudited.

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 September and forecast results for October to December. The forecast period includes an assumption of a forecast quoted cobalt price of US\$25.0/lb. Other forecast assumptions, including production, sales plans, costs and exchange rates are based on Jervois’ internal estimates.